FINANCIAL TIMES

No. 30,202 ** Saturday April 4 1987

UK 40p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Poll puts Labour in third place

Labour comes third behind the Alliance in a Gallup 9000 poll for BBC-TV's Newsnight which points to a comfortable Tory general election victory.

The opinion poll gives the Conservatives 36.7 per cent of the vote, the Alliance 31.8 per cent and Labour 29.6 per cent, the lowest since Neil Kinnock became leader in 1983.

Gallup says Labour's poor performance in marginal seats would give the Tories a majority of 58. SDP leader David Owen predicted the election would be on May 7.

Obscenity bill reading

A bill to strengthen the obscenity law and extend it to broadcasting was given a second reading in the Commons, with Government backing. Page 4

Life in jail for rapist

Robert Hodgson, 33, was jailed for life in Preston after admitting raping a woman in her home. He had previous sex offence convictions.

Myra Hindley confesses

Moors murderer Myra Hindley has confessed to murdering Keith Bennett, 12, and Pauline Reade, 16, missing for 23 years, her solicitor said.

Jewels bring £31m

The Duchess of Windsor's jewellery collection brought SFr 75m (£31m) at auction in Geneva, with items fetching up to 100 times the estimates.

Mud slides kill 100

Over 100 people were feared dead in mudslides which buried about five buses on an Ecuador road coastal road.

Hong Kong film move

Hong Kong Government introduced a bill to give censors the right to ban films which might damage ties with China.

Newspaper plan

The Toronto Sun newspaper group of Canada is working on a project to launch a national daily UK newspaper. Page 3

Secret Society showings

BBC-TV is to begin screening four of the controversial Secret Society programmes this month, but two others have not been scheduled.

Peking optimistic

China is pleased with the more positive Soviet attitude towards tackling obstacles between the two countries. Page 3

Sierra Leone sacking

Sierra Leone President Joseph Momoh dismissed Vice President Francis Minah, two weeks after a failed coup attempt.

One Swiss strike

There was one strike in Switzerland last year, a two-day stoppage by 36 workers, making it the second-best year since strike-free 1973.

FT critic wins award

FT television critic Christopher Dunkley was named Critic of the Year in the 1986 British Press Awards. Page 4

Fulham club saved

A consortium headed by former player Jimmy Hill bought out the third division Fulham football club's name and players' contracts to save it from extinction.

Restored

A police search for a £500,000 Lorenzo Lotto painting, reported missing from Upton House, Warwicks, by the National Trust, was called off when officials remembered it was sent to a picture restorer.

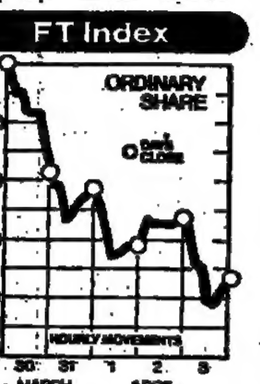
BUSINESS SUMMARY

Wall Street shares soar to record

WALL STREET share prices soared to record levels in a late rally yesterday as investors laid to rest fears raised earlier this week by the rise in bank prime lending rates.

The Dow Jones Industrial Average closed up 69.89 points —its biggest ever one-day points gain — at a record 2,390.34. Page 11

UK EQUITIES: Markets took a dim view of the Government's threat to refuse licences for Japanese banks and insurance companies and after a brief rally, headed downwards. The FT-SE 100 index closed at



1,965.1, a loss of 22.6 points on the day and 83.5 on the week. The FT Ordinary index finished at 1,546.4, a 21.2 fall on the day and a 74.2 point drop on the week. Page 12

STERLING rose strongly against the D-Mark and the dollar yesterday at the end of a week marked by confusion over the Government's exchange rate policy. Back Page; Money Markets Page 12; Editorial Comment Page 6; Analysis Page 3

BRITISH PETROLEUM'S bid to raise $5bn (£3.1bn) to help finance its offer for Standard Oil of the US, met an unprecedented response from international banks which committed more than $15bn.

SEVERAL UK defence contractors urged the Office of Fair Trading to recommend rejection of the British Aerospace takeover of Royal Ordnance, the government-owned arms company. Back Page. Details, Page 3

PLESSEY has sold $100m (£62m) worth of public telephone exchanges to a large US regional telephone business, BellSouth, through its American telecommunications equipment offshoot. Back Page

NATIONWIDE Building Society said house prices in the UK rose 17 per cent in the year ended March 31 and could rise by up to 20 per cent in the coming 12 months.

US UNEMPLOYMENT fell to 6.6 per cent in March, its lowest level in seven years. Page 2

SWEDEN may give its banking sector more freedom, through which banks could be owned by holding companies and could in turn own stock broking firms. Page 10

BRITISH NUCLEAR Fuels is planning another national advertising drive to attract more visitors to its Sellafield reprocessing plant in Cumbria. Page 3

LONRHO, multi-national trading company, was granted an order in the High Court freezing 310,000 of its shares, 250,000 of which are registered in the name of House of Fraser. Page 8

LAIRD GROUP, with interests in sealing systems, service industries, engineering and transport, suffered its first fall in six years in pre-tax profits last year, posting £28.19m against £28.98m. Page 8

WOOLWORTH, high street chain, opened its first Kidstore, a specialist outlet for families with children aged up to 12.

Tokyo minister hits hopes for C and W telecommunication bid

BY IAN RODGER IN TOKYO AND MICHAEL CASSELL IN LONDON

MR SHUNJIRO KARASAWA, Japan's Posts and Telecommunications Minister, yesterday endorsed proposals that would give foreign companies a limited stake in the country's telecommunications market, despite continuing objections from Cable and Wireless of the UK.

Support for the scheme from the Minister, who has fiercely resisted C & W's efforts to win a significant stake in the market, means it will be much harder for the British company to pursue its case, though it has said it intends to fight on.

Mr Karasawa said he welcomed the prospect of foreign companies, including C & W, having a combined share of up to one third in the country's second international telecommunications company.

The comment, following a cabinet meeting yesterday morning, suggests that the Japanese Government now believes enough concessions have been made to the many and loud foreign protests about Japan's handling of this issue.

Yesterday, it was learned that President Ronald Reagan had added his own strong voice to those protesting.

In a letter to Mr Yasuhiro Nakasone, the Japanese Prime Minister, Mr Reagan called on Japan to take "appropriate steps" to ensure foreign companies have the same access to the venture as Japanese companies. Mrs Margaret Thatcher, the UK Prime Minister, has also written to Mr Nakasone.

Both letters complain about attempts, supported by the Japanese Ministry of Posts and Telecommunications, to bring about a merger of the two consortia seeking to operate as Japan's second international telecommunications carrier, because this would dilute the shares of foreign companies.

They have demanded that foreign companies be treated equally and that the Ministry agrees to receive and assess fairly the applications of both groups.

On Thursday, a revised plan for merging the consortia was agreed among the leading Japanese shareholders in them. This revised agreement, endorsed by Mr Karasawa, provides that C and W and Pacific Telesis of the US can have equal shares with the leading Japanese companies and can delegate directors to the company.

Mr Karasawa said the structure of the merged company meant that Japan would be the first industrial country to liberalise its international telecommunications sector. He pointed out that even the US and the UK did not permit foreign companies to participate in the management of domestic telecommunications companies.

Meanwhile, Mr Michael Howard, the Consumer Affairs Minister, is due to leave for Tokyo today for discussions with Japanese ministers on the telecommunications issue and other trade matters, including access for British companies to Japan's financial markets.

He is expected to seek assurances from Japan that it is now ready to begin to rectify the trade balance between

Continued on Back Page

US-Japan chip dispute, Back Page

The British Government's decision to invoke the provisions of the Financial Services Act in the trade war brewing between the UK and Japan was seen as irrelevant, counter-productive or an over-reaction by London's financial community yesterday.

City reaction, Page 2

Airbus reaches 'breakthrough' deal in US

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE EUROPEAN Airbus consortium has achieved a breakthrough in the US market for its proposed long-range A-340 and medium-range A-330 airliners.

Northwest Airlines, one of the biggest and fastest-growing US airlines, has signed an agreement to place a firm order for up to 20 A-340s, for delivery between 1992 and 1995, with an option on 10 A-330s, provided the A-340/A330 jets are launched formally. The orders would be worth a total of $2.5bn (1.5bn) including the options and spares.

Up to half for the A-340s can be switched to the A-330s at Northwest's discretion, with at least three years notice.

The deal is the first sign of interest from the US for the next generation of Airbus jets. It offers severe competition for the plans of US jet builders like Boeing and McDonnell Douglas for aircraft such as the 767 twin-jet and the new MD-11 tri-jet.

It follows a recent Airbus statement that it had received orders or letters of commitment for some 104 aircraft from nine airlines for the proposed jets. The Northwest deal was additional to that Airbus said.

The only other airlines publicly to announce commitments are Lufthansa, with an order for 15 A-340s and an option on another 15, and Air France with a letter of intent for seven A-340s.

The Northwest deal is a further sign of growing interest by world airlines in the jets, thereby stimulating Airbus to put more pressure on European Governments, especially the UK and West Germany, to commit launch aid.

An agreement with an airline as substantial as Northwest is likely to be regarded world-wide as a major achievement by Airbus even though the deal falls short of a firm order.

In October, Northwest announced a deal to buy up to 100 of the new 150-seater Airbus A-320 airliner.

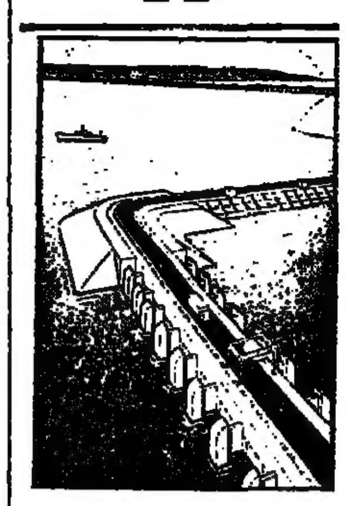
Mr Steven Rothmeier, chairman chief executive of Northwest, said yesterday the A-340 "with its low seat-mile cost and underfloor cargo capability, is an ideal aircraft for Northwest's Atlantic, Pacific and domestic routes.

The Airbus A-340, in various versions, is intended to carry between 262 and 294 passengers for up to 7,700 nautical miles. The A-330 is a twin-engined short-to-medium range aircraft, carrying up to 328 passengers over distances of 5,200 nautical miles.

Although much detailed design and preliminary development has been done on both aircraft, no formal launch commitment has been made. Airbus is waiting for its partner companies, including British Aerospace, to provide the finance.

In turn, BAe has asked the UK Government for £750m launch aid to build the wings for both aircraft, but so far has only received an offer of about £400m. This, it says, is too low.

WEEKEND FT



TIDAL ENERGY

The Severn and the Mersey barrage schemes—a "conservation tragedy" to birdwatchers—may be only the start of UK efforts to hitch tidal power to energy needs.

Page I

FINANCE

Changed rules governing new issues make some would-be stags weep.

Page IV

GRAND NATIONAL

Behind the scenes at Aintree

Page XXIV

BOOKS

Melvyn Bragg's new novel revives the legend of a Lakeland heroine.

Page XXII

SURVEY

Insurance and Insurance Broking.

Pages XV to XX

Bass mounts agreed offer for Horizon Travel group

BY LISA WOOD

BASS, the brewing and hotel group, has mounted an agreed bid for Horizon Travel, the air holiday operator and travel agent in which it already holds a 25.6 per cent stake. The offer values Horizon at about £92.3m.

The move comes within days of Bass agreeing a £57.5m deal for the sale of its Pontins holiday camps subsidiary to a consortium of former Pontins executives.

The Horizon board said yesterday it would be recommending Bass's offer to shareholders.

Mr Ian Prosser, vice-chairman and group managing director of Bass, said yesterday: "A lot happens in two years. Then we were looking to understand the market and went into the joint hotel venture. Now we understand the business and it fits in with our leisure interests.

"With Horizon, there is significant long-term growth in volume, both in the UK holiday business and on the hotel side."

Bass acquired a 25.6 per cent holding in Horizon in 1985 when it set up Bass Horizon Hotels, a jointly-owned hotel company. At the time it gave assurances to Horizon that it would not be launching a takeover bid.

Bass Horizon Hotels has 14 hotels on the Continent, 11 in Spain, two in Italy and one in Greece.

Horizon is Britain's third biggest travel group after International Leisure and Thomson. It has successfully emerged from difficult trading conditions in 1985 and in the 11 months to October 31 1986 made pre-tax profits of £4.59m. That compared with £14.49m for the year to November 1985, which, however, included £16.47m from aircraft sales.

Mr Prosser said the acquisition was being made for straightforward business reasons and not defensive ones. He said he was not seeking to make Horizon the biggest holiday operator in Britain, but perhaps the most profitable.

Bass is offering 0.213 of a Bass ordinary share for each Horizon share. At yesterday's closing price of 869p for each Bass share, down 22p, that values each Horizon share at 185p and the company at £92.3m. However, Horizon's shares closed above that level at 194p, up 30p each.

Bid speculation has focused on Horizon in the past few months, since it was known that Mr Ron Brierley's IEP Securities Group had built up a 17.5 per cent stake in the group. Early this year International Leisure confirmed it was the owner of a 3 per cent stake in Horizon.

Bass is being advised by J. Henry Schroder Wagg and Co and Horizon by Hill Samuel.

Left-wing parties topple Portugal's Government

BY OUR FOREIGN STAFF

LEFT-WING opposition parties last night toppled Portugal's conservative Government by approving a censure motion that forces Prime Minister Anibal Cavaco Silva to resign, 18 months after he came to office.

The move plunged Portugal into a political crisis that could undermine economic recovery and is expected to lead to an early general election.

The Socialist and Communist parties supported the motion presented by the Democratic Renewal Party (PRD) of former President Antonio Ramalho Eanes to bring down the Social Democrat Government that led Portugal into the EEC last year.

The three opposition parties together hold 140 of the 250 parliamentary seats.

President Mario Soares now faces the difficult task of resolving the crisis by calling an election two years ahead of schedule or asking the Socialists, the main opposition party, to form a left-wing coalition from within the existing parliament.

The centre-left PRD presented the motion after accusing the Government of failing to use a favourable economic climate to modernise the economy and distribute wealth more fairly.

But the Prime Minister said the motion was not aimed at his Government but represented a struggle for power between rival opposition parties on the left.

Sixteen governments have have fallen since 1984 when a

Continued on Back Page

Ecu coin hits trade barriers

BY TIM DICKSON IN BRUSSELS

A NEW gold coin designed to boost the ideal of a unified EEC is in danger of getting bogged down in exactly the sort of trade barrier whose removal it is supposed to inspire.

The Ecu 50 (£35.60) coin — issued last month by the Belgian Government to mark the 30th anniversary of the signing of the Treaty of Rome — has been snapped up in large numbers by eager numismatists and intrepid investors over the past 10 days. "We have sold 368,000 at the last count, including one order of 30,000 to West Germany," a Ministry of Finance spokesman said proudly with a detectably golden glint in his eye.

But some of the shine has been taken off by the belated discovery by Government officials in Brussels that coins sent to Britain and France — two very important markets for collectors—will suffer a hefty import tax on arrival.

"This is likely to make them uncompetitive with other gold coins," the ministry spokesman said sadly. "The whole minting operation was done in a tremendous hurry—eight weeks from the time the idea was conceived—and it seems that we may not have taken this example of protectionism into account." But he added ambiguously: "We are trying to see if it can be done in another way."

British officials emphasised last night that value added tax of 15 per cent was charged on all imported coins, regardless of origin, except where they are imported directly by the Bank of England."

The French Government said last night that "the coins that have been issued by the Belgian Government are considered collectors' items and as such are subject to the maximum rate of VAT which is 33.3 per cent." It emphasised: "This tax applies to all coins of this type."

The embarrassment for the Belgians—who currently occupy the chair of the EEC Council of Ministers—stems from the fact that the gold coin and its Ecu 5 silver counterpart were issued "as a political act of symbolic significance" intended in the words of the publicity material "to concretize the idea of European monetary integration."

The Ecu, or European Currency Unit, is the pivotal element of the European Monetary System which came into effect in 1979. The unit is best defined as a currency basket whose final composition will be a fixed quantity of the currency of each member state of the EEC.

The Belgian Government believes that "the favourable development" (that is the issuing of the coins) "should be sustained by the willingness of the member states to carry on the economic and monetary integration."

The actual price of the gold coin—15.55 grams of fine metal, 17.27 grams in all, and 29mm in diameter—is determined each day on the basis of the daily London fixing. On Thursday this week it was retailing at about BFr 8,300 (£137) while the rather larger silver version (diameter 37mm) is on offer for a fixed BFr 500.

The obverse of the coin features the effigy of Charles V, born in Gent in 1500, King of Spain as Charles I, and crowned emperor of the Holy Roman Empire ("a prefiguration of the Common Market" according to the Belgian Finance Ministry) in 1519. Like the man who would no doubt like to be considered his spiritual heir, Commission President Mr Jacques Delors, Charles V was much exercised by monetary matters and introduced an empire-wide system incorporating the gold Carolus and the silver Carolus guilder coins.

However, unlike Lord Cockfield, the EEC Commissioner who is Mr Delors' lieutenant responsible for the internal market, the Emperor did not have the same trouble with trade barriers.

Delors seeks stronger EMS, Back Page

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime $1.61
DM 1.825	London: $1.6140 (1.603)
FFr 6.0725	DM 2.935 (2.9225)
SFr 1.5205	FFr 9.765 (9.725)
Y146.15	SFr 2.4425 (2.44)
London:	Y235.25 (235.5)
DM 1.818 (1.8215)	Sterling index 71.9 (71.4)
FFr 6.05 (6.06)	LONDON MONEY
SFr 1.514 (1.5195)	3-month interbank:
Y145.7 (146.7)	closing rate 9 13/16% (same)
Dollar index 101.4 (102.1)	NORTH SEA OIL
Tokyo close Y146.05	Brent 15-day April (Argus) $18.625 ($18.55)
US LUNCHTIME RATES	STOCK INDICES
Fed Funds 5 13/16%	FT Ord 1,546.4 (−21.2)
3-month Treasury Bills: yield: 5.59%	FT-A All Share 985.05 (−1.0%)
Long Bond: 98	FT-SE 100 1,965.1 (−22.6)
yield: 7.84%	FT-A long gilt yield index: High coupon 9.24 (9.20)
GOLD	New York lunchtime:
New York: Comex June latest $421.0	DJ Ind Av 2,390.34 (+69.89)
London: $419.0 ($420.75)	Tokyo: Nikkei 22,410.85 (+43.13)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 22; Belgium BFr 48; Denmark DKr 9; Egypt 2.25; Finland Fmk 7; France FFr 6.50; W Germany DM 2.20; Ireland 50p; Italy L1,800; Luxembourg LFr 48; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 8.00; Switzerland SFr 2.20; Turkey L800.

CONTENTS

For London market and latest share index, 01-246 8026; overseas markets 01-246 8086

Moscow's relations with Bonn improving

By David Marsh in Bonn

WEST GERMAN hopes of selling nuclear technology to the Soviet Union brightened yesterday after economic talks between the two sides in Bonn on improving economic co-operation.

Mr Martin Bangemann, the West German Economics Minister, said after talks with Mr Alexei Antonov, the deputy Soviet Prime Miniser, that possible sales of German know-how to improve safety at Soviet power stations would not infringe western technology transfer rules.

Mr Antonov's visit, in which he met Mr Helmut Kohl, the West German Chancellor, provided further evidence of a thaw in relations between Bonn and Moscow after the chill at the end of last year.

Although no details were released yesterday, Mr Bangemann said he hoped about 10 joint ventures between Soviet and German companies in areas such as machine tools and electronics could be set up shortly under a new Soviet law permitting such undertakings.

Mr Antonov declined to say whether the Soviet Union preferred to buy nuclear technology from Britain, France or West Germany as part of its bid to shop around in the West to improve nuclear power station reliability after the Chernobyl accident. "We will buy the best technology," he said.

The Soviet Union has also been discussing with the West possible joint development of a new form of reactor to improve safety.

A German consortium has been negotiating on selling a prototype high-temperature nuclear reactor to Moscow, although this was not discussed directly in yesterday's talks.

Although officials yesterday were anxious to play down any residual strains, tensions last year between Moscow and Bonn —caused by Mr Kohl's comparison of Mr Mikhail Gorbachev, the Soviet leader, with Josef Goebbels, the Nazi propaganda chief—have clearly not been completely dissipated.

French Socialists draw battle lines

BY DAVID HOUSEGO IN LILLE

THE FRENCH Socialists yesterday set out to show there was no blurring of political divisions in France at the beginning of a Congress in which they underscored their differences with the right.

The first day of the party congress in Lille made clear that President Francois Mitterrand would be the party's first choice as candidate in next year's presidential elections.

But it also left little doubt that Mr Michel Rocard would be an acceptable second choice if Mr Mitterrand decided to stand down.

Party leaders concentrated their attacks on Mr Raymond Barre, the former Prime Minister, rather than Mr Jacques Chirac, the present head of government, as the most likely right-wing candidate to be facing them in next year's contest.

The renewed emphasis of the divisions in French politics came in the wake of public opinion polls showing that most voters believe there is no difference between the parties and want the Socialists to move further to the centre.

It also reverses the trend of the party's record in government and of recent conferences which have carried the Socialists away from their Marxist past and towards more consensus policies, particularly over the economy.

In a speech intended to impose his own candidature on the party, Mr Rocard said that though the room for manoeuvre for any government was limited, those who believed that the party should lower its Socialist flag and rely only on the competence of its management were fundamentally wrong.

He received only moderate applause at the end of his speech, indicating he is by no means popular with all the party.

Mr Rocard said the Government's tax and labour policies benfited the wealthy more than they did industry or productive investment. In contrast, he called for a programme to greater priority to education and research as well as social protection for the least well-off.

Party enthusiasm for President Mitterrand's standing for a second term emerged during a speech by Mr Pierre Mauroy, the former Prime Minister.

Mr Mauroy was loudly cheered when he spoke of waiting for the President's decision before making any choice of a candidate.

Mr Jean-Pierre Chevenement, one of the leaders on the party's left, attacked Mr Barre as the politician who "for the privileged is best placed to lead the country into a comfortable decline."

On the first day of the conference, it was clear that the major aim of party leaders was to avoid any incident that might damage party unity.

Bid to end S African mine hostels system

BY ANTHONY ROBINSON IN JOHANNESBURG

THE CAMPAIGN by the black National Union of Mineworkers (NUM) to end the century-old migrant labour system with its single-sex mine hostels has taken a big step forward.

Migrant workers at seven coal mines in the Eastern Transvaal have brought wives and children to live with them and the union has challenged the mining companies "to live up to their words that they too want the system phased out."

Announcing this yesterday, Mr Cyril Ramaphosa, the NUM's general secretary, warned that strike action would be contemplated if the mining houses refuse the union's demand for family housing on a similar basis to white miners.

The mining houses, which face a record 55 per cent wage claim in the forthcoming annual wage negotiations due to start this month, estimate that providing famil yhousing for nearly 500,000 black workers on gold mines alone would cost around Rand 8bn.

Meanwhile, a strike by an estimated 18,000 black railway workers in the Johannesburg area enters its fourth week amid warnings by the Congress of South African Trade Unions (Cosatu) that the strike could spread to other sectors if the nationalised railways do not reinstate a sacked worker and recognise a Cosatu-affiliated union, the SA Railway and Harbour Workers Union (Sarhwu).

Strikes are illegal on the railways which are considered strategic. Striking workers, mostly in lower grades, face dismissal and risk losing Rand 8m in annual bonuses if they do not return to work.

The strike is believed to be the biggest to take place in the public sector.

Hoechst forced to allow EEC inspectors into HQ

BY WILLIAM DAWKINS IN BRUSSELS

HOECHST, the West German chemicals company, has been forced to admit to its Frankfurt headquarters EEC inspectors in search of evidence of possible price-fixing.

The group has been refusing to let in a team from the European Commission ever since January 27.

Seven other companies were investigated for operating an alleged cartel in two commonly used plastics, PVC and polyethylene, but they all opened their doors to the Commission's officials.

The inspectors were allowed into Hoechst after the West German Federal Cartel Office won a warrant from a Frankfurt District Court. This annulled an injunction against the inspection which Hoechst obtained from the Frankfurt court in January.

The Commission has fined Hoechst Ecu 1,000 (£713) for each day it refused to let in the inspectors.

The move means that Brussels is now likely to drop the legal proceedings it started in February against the West German Government for allegedly failing to observe its duties under the Treaty of Rome.

US jobless in March lowest in seven years

BY STEWART FLEMING, US EDITOR IN WASHINGTON

CIVILIAN unemployment in the US fell in March to 6.5 per cent, its lowest level for seven years.

Many economists concluded, however, that the March data released yesterday suggested the economy was weaker than many had been expecting. As a result Treasury Bond prices, which have been under pressure this week, rose modestly after the figures were released.

One indication of the weakness in the labour market was an increase more modest than expected in total non-agricultural employment which rose only 165,000. Some private economists had been expecting 300,000. It was also a smaller gain than was experienced in each of the past six months.

Ms Janet Norwood, the commissioner at the Bureau of Labour Statistics, said in prepared remarks for Congress that normally in March, as winter weather recedes, employment increases.

"After seasonal adjustment, however, nearly 70,000 jobs were lost in the goods producing sector." She added that the The services industry continued its strong employment expansion, with a rise of 75,000 in jobs, two-thirds of them in health care and business.

UK still blocks EEC research programme

By William Dawkins in Brussels

BRITAIN refused to respond yesterday to increasing pressure not to block agreement on an Ecu 6.48bn (£4.58bn) EEC joint research programme.

Mr Guy Verhofstadt, the Belgian Minister in the chair of the EEC's Research Council, had set yesterday as the deadline for a reply from Britain and West Germany—which has since fallen into line—on whether they could accept his five-year research plan, reduced from the European Commission's Ecu 7.735bn proposal.

Mr Geoffrey Pattie, Britain's Minister for Information Technology, told Mr Verhofstadt that London was unable to make its decision yet.

Mr Verhofstadt said: "We can only wait for a positive response in the next few days. If there is a negtaive answer, then there will be a political crisis for research in Europe."

Britain's refusal to honour Belgium's deadline attracted criticism from the European Parliament. An emergency debate is to be held next Thursday if Lodon has not responded.

Mr Michael Poniatowski, chairman of the parliament's research committee, added: "The ball is now exclusively with the British. I hope that they do not score an own goal."

London's formal position is that it wants an Ecu 4.2bn research budget, well below the Belgian figure, and that the Commission's proposal is poorly focused.

A spokesman for the Department of Trade and Industry said a decision would be made "as quiclky as possible," but that West Germany's decision to support the scheme would have no influence on the outcome.

Commission officials said yesterday they were prepared to accept the Belgian compromise so long as it offered the prospect of a quick agreement, but as the delay grew longer pressure might increase to return to a higher figure.

Baseball's quickest falls to the fast life

Jurek Martin on the New York Mets star who is sport's latest cocaine victim

SIX SHORT months ago, the New York Mets stood on top of the baseball world, champions of all they surveyed. The Financial Times was so moved it made the manager of the Mets its weekly Man in the News.

But there is no joy in Gotham this week. For the city, and, come to that, an awful lot of other Americans to whom baseball is more than hot dogs and pinstripes, have been shattered by the news that cocaine has claimed another victim: not just any player, but Dwight Gooden himself, the brilliant young pitcher who filled up ball parks every time he unlimbered his lithe right arm.

Gooden's voluntary admission to a drug rehabilitation centre certainly leaves hope that he may yet recover his skills. He is not dead from an overdose, as are Len Bias, the best college basketball player of last year, or Don Rogers, a fine football defensive back.

He has in front of him the examples of excellent professionals, such as Laurence Taylor, the New York Giants' incomparable lineman, and Walter Davis, the swift basketball guard from Phoenix, who seem to be back where they were before narcotics took hold.

But for every Taylor and Davis there are many more who have failed to kick the habit or who have emerged from the dark side of a personal moon with much diminished confidence. For a baseball pitcher, the brainiest position in the brainiest of sports, the record is even bleaker. Joaquin Andujar of St Louis and other teams made it half way back, but once luminous artists on the mound, such as Vida Blue, sank into distressing mediocrity.

After a marvellous first season as a stringy 19-year-old in 1984, Gooden dominated the game in 1985. Armed with a fastball that rode up under the batter's nose at speeds in the upper 90s and a curve that appeared to drop off the table as it approached home plate, he racked up 24 wins against four losses, giving up a scant one and a half runs a game. The fans in Shea Stadium hung out banners with the letter "K" on them, the symbol for a strike out. Gooden became known as Doctor K or simply Doc.

Late last season, however the word was out that his fastball had lost its pop. He was hit hard and often.

Protectively, his manager, coaches and team mates talked of minuscule flaws in his delivery. They brushed under the carpet an ever longer line of off-field incidents, when he missed practice and public engagements, even the ticker tape parade after the championship was won, and run-ins with the police in his home town of too fallible: one innings nine

In his first appearance at this year's spring training, Gooden was observed to be all too fallible: one inning, nine runs, eight hits. The whisper was that the problem was not mechanical but narcotic. This week it was confirmed.

There is no shoratge of contemporary evidence of the temptations surrounding young ballplayers, often from unsophisticated backgrounds invariably earning salaries beyond dreams.

He came from a strong family background, which held him in good stead for a while, as did his arm. But he always was the perfect mark for the drug pushers drawn to money like moths to a flame: and New York City is light years removed from Tampa.

The Gooden incident is bound to reverberate beyond the confines of the ball park. America seems i a nervous condition at present, distressed by forces it is unable to control, unsure of the correct policy responses to Aids, narcotics and any nmber of other social afflictions.

Testing for what is known as substance abuse is gaining ground in professional (and even collegiate) sport, just as it is into corporate and bureaucratic life, but it is far from clear that it is the right answer.

For the New York Mets, dreaming of a dynasty, the season proper which starts next week looks suddenly less inviting. Poor Roger McDowell, the relief pitcher, was struck down by something equally painful but hardly illegal. He is out because of a hernia.

Move to invoke City law in trade war with Tokyo seen as irrelevant

Hugo Dixon canvasses views on Britain's threat to use the law to gain access to Japan's markets

THE GOVERNMENT'S decision to invoke the provisions of the Financial Services Act in the trade war between the UK and Japan was seen as irrelevant, counter-productive or an over-reaction by London's financial community yesterday.

Although there is general agreement that the Japanese have not opened their financial markets to British firms to nearly the same degree that London's markets have been opened to the Japanese, many said that some progress was being made through bilateral negotiations.

There was also a feeling that if Britain did apply restrictions, London would suffer as a financial centre.

Both the Department of Trade and Industry and the Bank of England have acted quickly to dispel any notion that the imposition of financial sanctions could be legally justified by Japan's failure to open up its telecommunications market to Britain's Cable and Wireless.

A Trade and Industry spokesman said there had been some confusion following Mrs Margaret Thatcher's speech in the Commons last week linking the two issues. He said the reciprocity provisions of the Financial Services Act could only be invoked if another country failed to open its financial services sector.

When crude figures are examined, it certainly looks as if the Japanese are not being as open as they should be. There are 29 Japanese banks in London, 58 firms licensed to deal in securities and four members of the stock exchange.

There are five British banks in Japan, six firms with securities licences and one-and-a-half members of the Tokyo Stock Exchange.

Only on access to the stock exchange, however, are there considerable complaints.

The Bank of England said that, although there were only five British banks (the four clearers and Standard Chartered) in Japan "as far as we know, they are only ones that want to be there." These banks find it hard to raise retail deposits, it said, but this was a matter of culture rather than restrictive practices.

Access to Japanese investment management is less clear, as the Japanese have recently passed a law requiring anybody wanting to manage funds to register as investment advisers. Several British firms have applied or are in the process of applying and there is as yet no evidence of problems.

"There appears to be reasonable progress on investment advisers," the Bank said. "It looks as though foreign firms will get a fair crack of the whip. With the Japanese, however, you can never be sure until the licence is actually in your hand."

Securities licences is largely a battle of past. One reason that there are only eight British firms with Japanese securities licences is because many previously British securities firms have been taken over by foreigners. When firms such as Vickers de Costa, Phillips & Drew and James Capel are included, the total number is 14.

There is undoubtedly still some delay in the award of securities licences and there are now about half a dozen firms applying for them. The Bank of England, however, already has an effectiv eway of dealing with this: it delays the applications of Japanese firms for banking licences.

Japan's two largest securities houses, Nomura and Daiwa, have ben granted banking licences in the past year. Yamaichi and Nikko, the next largest, are still waiting as are a number of the Japanese regional banks.

The present battle is to gain access to the Tokyo Stock Exchange. Only Warburgs and Jardine Fleming, half owned by Robert Fleming, the British bank, have seats.

The DTI said it was difficult to prove discrimination but there always seemed to be permanent delays. The latest reason, it said, was the Japanese were arguing there was not enough space.

However, "if it took our builders as long to build Nomura's new office block in London as it is taking to expand the Tokyo Stock Exchange, Nomura would never be in business."

Generally, there is a feeling that it was wrong to link London's financial markets with Cable and Wireless.

"We are very much aware that the sucecss of London as a financial centre has depended on its being widely open to different financial firms," said Mr David Pearson, chairman of Robert Fleming Securities. "If restriction were to be imposed the City would lose."

The Bank of England took the attitude that the "frustration of one (Cable and Wireless) waas feeding into frustration of the other. The two have been rather too colsely linked as far as we are concerned."

A senior executive of a British securities firm, who did not want to be named, said: "It is very important for the City not to be dragged into a row over what is only a small telecommunications company."

Simon Holberton unravels some of the complexities that lie behind an economic giant's internal balance of power

Japan's subtle web keeps reformers tied to ways of the past

THE TRADE ROW between Japan on the one side, and the US and UK on the other over microchips and telecommunications underlines the West's lack of understanding of the complex balance of power within the Japanese Government and Civil Service.

The Japanese Prime Minister's authority over the organs of power is often much less than that of his counterparts in most western democracies. In general, individual ministries, or specific policy areas within them, are under the influence of colleagues whose interests are at odds with Japan's stated foreign and trade policies.

The letter sent recently by Mrs Thatcher to Mr Yasuhiro Nakasone, the Japanese Prime Minister, over Cable and Wireless's desire to take part in the telecommunications business in Japan, is an approach — tried and sometimes successful in the West — which is of limited value in Japan. Mr Nakasone took so long to reply not out of rudeness but, it is felt, simply because he does not have complete control of telecommunications policy in his country.

The role of Prime Minister in Japan is a Moveable Feast. He is often a compromise choice reached after tortuous negotiations between the senior political bosses of the major factions, which comprise the Liberal Democratic Party (LDP). Sometimes he shines, mostly he does not.

Once in power he is subject to that curious, and to many opaque, relationship between the Civil Service and politicians — a relationship over which he can exercise little direct control or influence and likened by one former Japanese Defence Minister to that between a brother and sister. Power in Japan is diffuse and around the Prime Minister are powerful men whose expertise in specific policy areas is great, and whose interests are their own and not necessarily the Prime Minister's or his government's.

Although this could well be said of western democracies, the method of conflict resolution in Japan is wholly different. Ministers rarely lose their jobs for disagreeing publicly or privately with the Prime Minister; in fact, there has only been one such example in more than two decades. Two cabinet ministers lost their jobs in Britain over the Westland affair last year, but it would be unheard of for Mr Nakasone to sack Mr Shunjiro Karasawa, his Minister of Posts and Telecomingly embarrassing stand over munications, for his increasthe opening of domestic telecoms markets to foreign companies.

Mr Nakasone has attempted to change the role of Prime Minister. Unlike his predecessors, with perhaps the exception of Mr Kakuei Tanaka, he has appealed to the electorate directly in an attempt to claim a dominant position. But his room to manoeuvre is limited by institutional constraints and in many ways he is as much a prisoner of the past as were his predecessors.

Mr Nakasone is fighting for his political survival on many fronts. Domestically he is under threat because of his Government's plans to introduce a sales tax, and internationally because the trade winds blow ill. The problems he faces are partly of his own making—his confidence and arrogance are not characteristics the Japanese like—and partly of an institutional nature.

In the area of international trade his problems are almost wholly institutional. They go to the heart of the way in which the Civil Service plans market competition; the way this is in turn mediated and sifted through formal and informal interaction with the LDP hierarchy and pressure groups within the business world. The pillars of this structure require definition.

Mr Yasuhiro Nakasone

Prime Minister Yasuhiro Nakasone of Japan faces a dangerous week, as thousands of opposition candidates opened local election campaigns yesterday with a sharp attack on his proposal for a highly unpopular sales tax, Reuter reports from Tokyo.

The prime minister, dubbed the most popular man in Japan less than a year ago when he led his ruling Liberal Democratic Party to its greatest-ever victory, must now try to keep as many of the 3,235 local seats as he can.

The latest opinion polls by major daily newspapers showed that the sales-tax issue cut Mr Nakasone's popularity level to 20 per cent from more than 50 per cent at the time of his election victory.

He not only faces traditional opposition such as the socialists but also must cope with revolt in his own party.

Several candidates are standing as independents rather than on the party ticket as a protest against the sales tax, which is meant to balance direct tax cuts that the government wishes to make.

***Polling* is on Sunday, April 12. The ruling party commands a majority in the local assemblies as well as in parliament.**

Mr Yusuke Kashiwagi

THE BUREAUCRACY: formed before the advent of representative democracy in Japan in the years following the 1868 Meji restoration, the bureaucracy has been the magnet and reservoir of talent in Japan. It is the originator of most legislation which is presented to parliament only after lengthy negotiation with the relevant divisions of the LDP's policy-making apparatus.

The Civil Service has never really believed in the idea of free markets: such an idea is too chaotic for men who prefer order and predictability. This is not to say that they are anti-competitive, but they like to control it. Japanese industry has built its enviable record mostly, though not exclusively, through an enlightened industrial policy which encourages vigorous domestic competition among chosen competitors.

In three recent cases—the one involving Cable and Wireless, another where Sony and C. Itoh wanted to enter satellite communications, and yet another where Kyocera, the major shareholder in Dainiden-den, wanted to market Motorola car telephones—officials in the Ministry of Posts and Telecommunications decided more players in a market would be harmful to its development and refused or obstructed the issuing of licences.

The ethos of the Civil Service is perhaps best summed up in the way in which its officials view themselves. Civil servants are "kunshi" (patriots) who are above base political or monetary self-interest: they are "Japan firsters." But self-definitions can be as misleading as they are revealing.

Officials work closely with LDP politicians and often align themselves along factional lines. The current administrative Vice-Minister for International Trade and Industry was Mr Tanaka's private secretary and ghost-wrote his 1972 book on the reconstruction of Japan. Many officials seek a political career and all post-war prime ministers, with the exception of Mr Tanaka, were former bureaucrats. They also work closely with the industries they regulate. If a senior official does not seek a political afterlife he often moves into industry, at general manager level and above. The process is poetically known as "amakudari" (descent from heaven), and big business accepts as necessary, and welcomes, former officials with good connections.

A classic instance of "amakudari" is that of Mr Yusuke Kashiwagi, chairman of the Bank of Tokyo and the eminence grise of Japanese banking. A career official at the Finance Ministry, he rose to be the ministry's first administrative Vice-Minister for International Affairs. On "retirement" he moved to the Bank of Japan and from there to Bank of Tokyo where he held senior management positions before being made president, the bank's top management job, later rising to chairman, which is the job his father once held.

THE FACTIONS: the LDP is not a party but a coalition of factions, or baronies, which cohere to retain political power, not to pursue ideological positions. The faction also exists to promote its bright stars for senior positions within the party and the government; it also supports its members in the difficult, intensive, and extremely costly process of re-election.

The leader of a faction is a potential prime minister and in practice faction leaders take turns in being prime minister. The process of selection is arduous and a potential prime minister's main task is to build coalitions with other factions. He usually does this by judicious allocation of cabinet positions.

The main factions are those of Mr Noboru Takeshita (a former Finance Minister and now secretary general of the LDP), Mr Kiichi Miyazawa (the current Finance Minister), Mr Yasushiro Nakasone (the Prime Minister), Mr Shintaro Abe (head of the LDP policy forum and a former Foreign Minister), and Mr Toshio Komoto (a failed shipping magnate and nowadays political outsider). Takeshita, Miyazawa and Abe all covert the post-Nakasone prime ministership.

THE PARTY: The LDP believes *its MPs* should be well-informed on matters of state. It requires a first-time MP to serve in at least three of the 17 divisions of its policy affairs research council (Parc) which mirror the structure of the Civil Service. The most popular are agriculture, commerce and industry, and posts and telecommunications. These are the main policy areas where access to, and ability to dispense, political patronage exist in largest measure. Dominance over a narrow policy area secures the politician a steady source of political contributions from the industries he oversees.

Although the Civil Service proposes most of the legislative ideas, they have to run the gauntlet of the relevant divisions of Parc before going to parliament. Thus civil servants spend a lot of time, both during business hours and afterwards in bars and restaurants, trying to persuade politicians that what they want to do is in Japan's and their interest.

This is where relationships with "zoku" are important. "Zoku" means family or tribe and can apply to an individual or a group of individuals with similar policy interests. Politicians with experience in specific policy areas are "zoku." By the time they have been elected five or so times they have worked hard at their area of expertise and are often as knowledgeable as the officials who brief them. They are therefore the first point of call for the senior civil servant.

"Zoku" also provide cross-factional solutions to problems which cannot be mediated through normal competition among ministries for government revenues. These problems are growing because of the lack of growth in Japanese budget outlays. The "Zoku" also provide a powerful and informed arena for business to lobby government and influence policy and legislation, and have been at the heart of "privatisation" in Japan.

There are three senior level and five working level "Zoku" in the telecommunications lobby, and these are the men who were critical of the privatisation of Nippon Telegraph and Telephone and much of the telecoms liberalisation which followed from that decision. Some observers believe western governments would do better to lobby these men rather than pursue the Prime Minister through "normal" diplomatic channels.

Japanese policymaking is different, but not inscrutable.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

China optimistic on better links with Moscow

BY ROBERT THOMSON IN PEKING

CHINA IS pleased with the more positive attitude of the Soviet Union towards tackling long-standing obstacles between the two countries, a Chinese Vice-Foreign Minister, Qian Qichen, said yesterday in an unusually optimistic assessment of bilateral relations.

The Chinese have generally been cool towards Moscow, despite the intense drive by the Soviet leader, Mr Mikhail Gorbachev, to improve ties in the region. But yesterday, Qian said the new Soviet attitude was a "good omen" for the future.

Qian noted that Moscow was now prepared to discuss the so-called "Three Obstacles" that hinder relations betwen the two countries: Soviet support for the Vietnamese occupation of Kampuchea, the Soviet invasion of Afghanistan, and the Soviet troops along the Sino-Soviet border.

However, the vice-foreign minister said the limited withdrawal of Soviet troops from Mongolia was inadequate, as it has comprised only a small number from areas well away from the Chinese border. He emphasised that no "fundamental change" in political relations could occur until the Soviet Union hurdled the "Three Obstacles."

China has long regarded Soviet support for the Vietnamese occupation of Kampuchea as the most important of these, and the Chinese leader, Deng Xiaoping, has offered to meet Mr Gorbachev, if the Soviet leader encourages the Vietnamese to pull out.

Li Peng, the influential Chinese vice-premier, who was educated in the Soviet Union and speaks Russian, is due to visit Moscow next month, but Qian said yesterday that whether he would meet Mr Gorbachev during the stay had yet to be decided. Western diplomats say a meeting is likely.

The tenth round of talks to "normalise" bilateral relations is to be held next week, and will provide further clues to the willingness of the Soviet Union to meet Chinese demands.

Reuter adds from Bonn: The West German daily Frankfurter Allgemeine Zeitung said yesterday that Nato believed Mr Gorbachev would announce the withdrawal of two divisions from Czechoslovakia when he visits Prague next week.

Breakthrough on Afghan pull-out 'likely at Geneva'

BY ROBIN PAULEY, ASIA EDITOR

THE next round of Geneva peace talks about the Soviet occupation of Afghanistan could produce a breakthrough as differences over the timetable for Soviet troop withdrawals had narrowed significantly, according to Mr Mohammad Khan Junejo, Prime Minister of Pakistan.

In an interview to be broadcast on Channel Four's The World This Week tomorrow, the day he begins his first official visit to Britain, Mr Junejo says the Soviet Union originally claimed they needed four years to withdraw, while Pakistan argued they needed only three to four months.

"They have come down to 18 months and we have gone to seven months. So the difference is 11 months," he says.

Bilateral discussions between Soviet and Pakistani leaders indicated that the Russians wanted to withdraw from Afghanistan and only the schedule remained to be worked

Mr Junejo admits it would be difficult for Pakistan to accept a new government in Afghanistan headed by Mr Najibullah, the present Soviet - backed leader.

Mr Junejo appears to contradict President Zia ul Haq of Pakistan when answering questions about Pakistan's nuclear capability.

In a recent interview, President Zia appeared to admit that Pakistan had the capability to manufacture nuclear arms, and Dr Abdul Qadir Khan, a Pakistani nuclear scientist, has been quoted as saying his country possesses "the bomb."

"We do not have this capability . . . on the nuclear issue I have made the statement very clearly that Pakistan does not have the capability of manufacturing nuclear weapons," Mr Junejo says.

He also believes Dr Khan has been misquoted by the press abroad. Pakistan's nuclear capabilities were limited to enrichment for peaceful purposes and the Government would like to develop the nuclear system in order to meet its energy requirements.

Aegean crisis 'has delayed talks on US bases'

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government indicated yesterday that last weekend's crisis with Turkey over oil exploration rights in the Aegean has set back the start of negotiations on the future of the four US military bases in Greece.

"We cannot proceed as though nothing has happened in the last few days," a Greek Government spokesman said.

Dr Andreas Papandreou, the Greek Prime Minister, accused the US during the height of last week's crisis of having given Turkey the "green light" for provocation against Greece in the Aegean.

He indicated at the same time that a Greek Turkish war would jeopardise the bases' future. A war was averted after Ankara said it would restrict oil exploration activity to its own territorial waters.

The present agreement on the bases' operation, signed in 1983, expires in December 1988. Washington has said it wants an answer on whether the bases are to go or stay by the end of this summer.

Gandhi to order inquiry after row over dealings

BY K. K. SHARMA IN NEW DELHI

MR RAJIV GANDHI, India's Prime Minister, told parliament yesterday that the Government had decided to order an inquiry into matters arising out of investigations by a US agency into foreign exchange dealings by Indian businessmen.

The controversy arising out of statements made in Washington by Mr Michael Hershman, President of the Fairfax Group, this week, has rocked Mr Gandhi's Government, which has been under severe attack on charges that embarrassing facts are being hidden.

During a stormy parliamentary debate, opposition members accused Mr Gandhi of shifting the then Finance Minister, Mr V. P. Singh, to the Defence Ministry last January, to stall investigations into foreign exchange dealings by people close to the Prime Minister.

Mr Singh appeared to admit, when he intervened in the debate, that he was responsible for ordering the investigation by the Fairfax Group.

But the main defence of the Government was left to a junior minister in the Finance Ministry, Mr Brahm Dutt, who denied the Government had retained the Fairfax Group.

In an interview with the Washington correspondent of the Statesman of New Delhi, Mr Hershman insisted that his group had been retained to make inquiries into foreign exchange dealings of an Indian company and other "subject areas."

He also claimed the Government had not acted on information provided by his group.

Opposition parties are now expected to renew their attack on Mr Gandhi next week.

Israel reserves at record

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL'S FOREIGN exchange reserves have risen to a record \$4.3bn (£3.07bn) as funds attracted by the country's high short-term interest rates pour in from abroad.

The strong position of the reserves represent a remarkable turnaround from two years ago, when a combination of spiralling inflation and a deteriorating trade balance pushed Israel's foreign exchange holdings down to the equivalent of only one month's imports.

The Bank of Israel reported on Thursday that the reserves rose by \$52m in March, to a new high of just under \$4.3bn on a conservative definition. Measured by International Monetary Fund standards, the Israeli reserves would be nearer \$4.9bn.

UK NEWS

Sellafield looks to age of steam to pull tourists

By Ian Hamilton Fazey, Northern Correspondent

British Nuclear Fuels (BNFL) is to use some very old technology — in the shape of Britain's most famous steam locomotive, the Flying Scotsman — to help attract even more visitors to its controversial reprocessing plant at Sellafield this spring and summer.

BNFL says its attempt last year to promote Sellafield as a tourist attraction, and thus improve the nuclear industry's image, was an outstanding success. The 75,000 visitors almost trebled the previous record.

This year, management aims to have more than 100,000. It plans another national advertising campaign to persuade Lake District tourists, and northern day-trippers during the school holidays, to visit the Cumbrian coastal site.

The open-door policy of last year was an emergency response to bad publicity from a series of mishaps and cover-ups at Sellafield. The effort this year shows signs of more planning.

The Flying Scotsman is part of this. It will haul five charter trains between April 25 and June 27, taking each from the Carnforth Steam Museum in north Lancashire for the 120-mile Sellafield round trip.

The Pullman coach trains will run to Carnforth from Euston, Nottingham, Euston again, Bristol and Coventry successively. They will also pick up passengers at Derby, Sheffield, Manchester, Birmingham, Wolverhampton, Stafford, Crewe, Warrington, Wigan and Preston.

The adult fare will be £28.50 and the child's £16 (£19 and £10 for passengers boarding in the north-west).

The aim is to attract more visitors from the Midlands and South, for whom a day-trip to Sellafield by road could be exhausting because of the distance.

Sellafield's exhibition centre —open to visitors for many years—has been enlarged to eliminate crowding.

A small cinema has been built to show specially-made films. Better catering is promised.

Other stars of the Sellafield summer show will be two 50-seater sightseeing coaches, bought for £175,000 from Hestair Duple, the Blackpool busmaker.

Each has six video screens. Films have been made of what goes on in each Sellafield building. When the coach stops outside one, the relevant film will roll. The guides will be able to suppress the voice-over and do their own commentaries for as long as their voices last during what BNFL hopes will be a very busy summer season.

Planning appeals at record high

THE NUMBER of planning appeals made to the Department of the Environment in the three months period to the end of December last year was at a record level.

Department figures show the number of appeals submitted was 4,919 — 5 per cent higher on the last quarter of 1985.

Confusion follows hints on exchange rates

Janet Bush on market responses to Government statements on the pound's value

THE CONFUSION this week surrounding public statements by Mr Nigel Lawson, the Chancellor, on sterling has provoked more speculation than ever on the exact nature of the Government's exchange-rate policy.

In the wake of the Paris accord on currencies Mr Lawson has hinted strongly that the Treasury has an unpublished range for the pound's value against the dollar and the D-Mark.

He has studiously avoided mentioning specific levels. Mr Lawson told the all-party Treasury and Civil Service Committee last Monday that revealing the full details of the Paris accord, and of any sterling band, might weaken the central banks' tactical advantage in the foreign exchange markets.

However, he added that the countries concerned had discussed currency fluctuations "very thoroughly" and had gone into the "nuts and bolts."

Since the Paris accord the foreign exchange markets have been wondering what those "nuts and bolts" are.

The market believed it had an explicit statement of where the Government wanted sterling to be on Wednesday, when Mr Lawson attended a meeting of the National Economic Development Council.

He told the meeting that he wanted sterling to remain at about current levels, and specified DM 2.90 and \$1.60.

The foreign exchange market immediately pushed the pound down to these levels from DM 2.92 and \$1.61, at which it had been trading before the Chancellor's remarks, in the belief that they offered the first concrete detail of the present policy.

In a swift piece of backtracking, Mr Lawson told journalists at a briefing before next week's meetings of the International Monetary Fund in Washington that his remarks had been misunderstood.

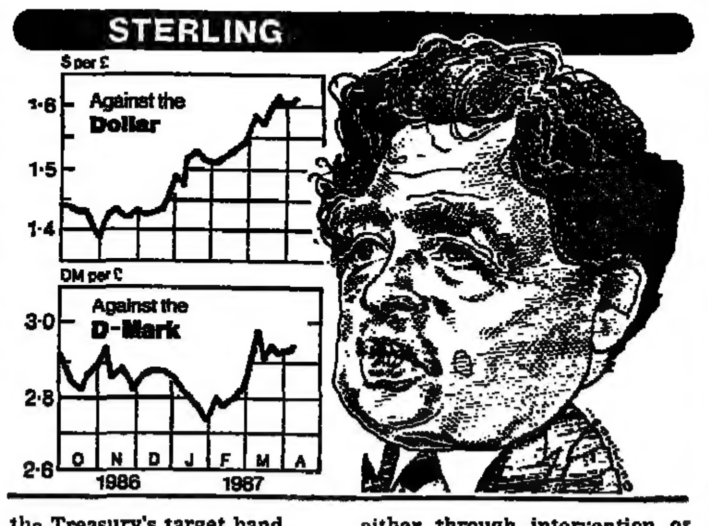
His naming of specific rates had been for the benefit of NEDC members who were perhaps not aware of sterling's current levels.

Sterling yesterday promptly returned to DM 2.92 and above \$1.61.

At Thursday's briefing the Chancellor did back up another key remark he made at the NEDC, that the West German Deutsche Mark was the "most important single rate we want to concentrate on," which appeared to add more flesh to the published bones of the Government's exchange rate policy.

He explained that the rate against the D-Mark was important for competitiveness of many British companies trading with European countries.

Though Mr Lawson dismissed his remarks at the NEDC as a "non-story," the foreign exchange market still appears to believe that the levels he mentioned could be key rates within



the Treasury's target band.

Many City economists guess that the Chancellor may have inadvertently outlined policy more explicitly than either his advisers or the Prime Minister would have liked.

Mr Lawson has said that he wants sterling at "around current levels." The remaining subtlety is how much latitude the word "around" implies.

Mr Ian Harwood, Chief Economist at Warburg Securities, said: "Now DM 2.90 and \$1.60 are burned indelibly into market thinking.

"The market now expects any significant movement in sterling away from those levels to elicit some kind of policy response from the Government, either through intervention or through interest rates, and the market could now test the levels where that response would be triggered."

It appears likely from the sketchy evidence available that whatever target band the Treasury is operating is a reasonably wide one, given that sterling is subject to particularly volatile influences such as the political climate in Britain in a possible election year, and the oil price.

Some clues can be gleaned from remarks by the Chancellor on the exchange rate at different stages.

Immediately after Paris the Chancellor said he did not want sterling to fall further, but would like to avoid a significa rise, suggesting the curren was somewhere near the botto of its desired range. At th stage the pound was trading about DM 2.82 and \$1.54.

Mr Lawson has declared hi self happy with sterling's le at various stages when t pound has been trading ar where between DM 2.90 a DM 2.95, and \$1.60 and \$1.62.

What is clear is that t Government is anxious to p serve the competitive gains f British industry which flow from last year's depreciation sterling.

The publication on Thursd of figures which showed t largest monthly rise in gold a currency reserves for nearly years, coupled with the two ha point cuts in base lending rat since Paris, provides eviden of the authorities' determi tion to cap sterling's streng

The adherence to a tar band is clearly within t framework of the Paris acco

But City economists spe late that it could be a poli designed to pave the way f full membership of the Eu pean Monetary System.

Mr Lawson reaffirmed Thursday that membership w "highly unlikely" before t general election.

Nevertheless, a period stability within a prescrib range, particularly against t Deutsche Mark, would provi the ideal transition peri before joining.

Underwriters excluded from ferry inquiry

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LONDON underwriters with an interest in cargo on the Herald of Free Enterprise, the Townsend Thoresen car ferry that capsized off Zeebrugge on March 6, have been refused permission to take part in the official inquiry into the disaster, which will open on April 27.

At a preliminary hearing in the High Court yesterday, Mr Justice Sheen, the Admiralty judge appointed to conduct the inquiry, ruled that the underwriters could re-apply later to be parties if they felt they had a positive contribution to make.

Full-scale tests on a sister ship of the Herald of Free Enterprise are to be held for the inquiry, the judge was told by counsel for the Transport Secretary.

The underwriters' application had been opposed by counsel for Townsend Thoresen, who suggested that the insurers' principal concern would be to try to break the 1974 Athens Convention which limits the amount of compensation payable by the shipowner.

Mr Timothy Charlton, counsel for the underwriters, said the London market underwriting interests in the cargo came directly from Lloyd's underwriters and through the Salvage Association, acting for the companies involved.

They thought they had a contribution to make to the investigation of the disaster and had an interest in the issue of the safety of the type of vessel involved and future precautions.

Insurers had in the past been parties at similar inquiries, Mr Charlton said, adding that the same considerations applied to underwriters as to survivors of the disaster who were to be parties.

Mr Justice Sheen asked: "Is there no difference between loss of life and loss of cargo?" He agreed it was difficult to analyse the difference in principle between representatives of next-of-kin and those who died and the owners of cargo, "but it seems to me that there is a difference in quality."

The judge said two questions that should be asked at the inquiry were how many people died and why were so many lives lost.

He said what had struck him had been the speed with which the vessel capsized. It might be necessary to investigate how it was that, within the comparatively short distance of the harbour at Zeebrugge, and in comparatively good weather, so many lives had been lost. That, he said, was bound up with such matters as means of escape and speed of capsize.

Woolworth opens first Kidstore

By Lisa Wood

WOOLWORTH yesterd opened its first Kidstore, specialist outlet for famili with children up to the age 12.

The group plans to open fo such stores this year, with to 100 proposed

The development of Ki stores is part of a move Woolworth to move in specialist retailing with streamlining of its chain store

Kidstore, unlike some co petitors such as Toys 'R' Us a Childrens' World, is concentr ing its development on the to centres and not in edge-of-tow developments.

Mr Malcolm Parkison, Wo worth's chief executive, sai "Nearly 60 per cent of t population does not have acce to a car from Monday to Frida so it makes sense to offer cu tomers accessible shopping the town centre."

Woolworth Holdings' speci ist retailing businesses a B & Q, a do-it-yourself chai Comet electrical stores; and t high street chain of Woolwor stores. Within the Woolwor section the group is focusing six main areas, including Ki stores and entertainment.

Earlier this week Woolwor Holdings announced a furth strand in this strategy with £244m agreed bid for Supe drug, a chain of 297 discou drug stores.

Physical expansion of Supe drug will be assisted by relea of some Woolworth stor regarded as surplus to t chain's needs.

Recall for Maestros and Montegos over seat belts

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER is to recall 382,000 Maestro and Montego cars to replace the flexible stalks into which the front seat belts are slotted.

The belts were supplied by ASE-Kangol, the Carlisle company owned by the Marmon Group of California. Austin Rover said yesterday discussions were taking place about who would pay for the recall. Unofficial estimates put the cost at about £8m.

Austin Rover, part of the state-owned Rover Group, said yesterday that in abnormal usage — such as extreme frequency or rough handling — some stalks had shown signs of fatigue.

It had no knowledge of any incidents or accidents arising from the problem.

The company said letters would go out to owners, once the necessary replacement components were available from dealers.

Owners of cars in which stalks show signs of fatigue would be asked to contact dealers immediately to have them replaced.

Austin Rover uses more than one seat belt supplier and only those from Kangol are affected, the company stressed.

● Rover Group is considering proposals for a buy-out led by management, of DAB, its wholly-owned subsidiary in Denmark.

DAB has half the Danish market for buses with 25 seats or more. It mainly uses running gear (engines, gearboxes, axles and suspension units) supplied by Leyland Bus, to which it adds locally-made chassis and bodies. It also supplies some components to Leyland Bus.

Rover said yesterday it was giving DAB's buy-out proposals "sympathetic consideration."

Canadian group interested in launching daily paper

BY RAYMOND SNODDY IN LONDON AND BERNARD SIMON IN TORONTO

THE Toronto Sun newspaper group of Canada is seriously interested in launching a national daily newspaper in the UK and is working on the project with Mr Nicholas Leonard, a former London editor of the Irish Independent.

Mr Leonard has been trying to raise finance for a Sunday newspaper to be called the Globe for more than 18 months but has apparently interested the Toronto Sun in plans to launch it as a daily.

The project which is being overseen by Mr Douglas Creighton, Toronto Sun chief executive, envisages a populist tabloid with a heavy emphasis on television

Mr Creighton who was in London last week is not returning calls on the project, but it is thought that a detailed feasibility study involving as many as five of his executives is under way.

The project's origins lie in a propsed joint venture between Irish Independent Newspapers of Dublin and EMAP, formerly East Midlands Allied Press, a magazine and regional newspaper company. They planned a national tabloid and got as far as producing a dummy newspaper. In the end EMAP decided not to go ahead.

It is this project that Mr Leonard has taken to the Toronto Sun. Although Mr Leonard is still a director of Independent Newspapers the organisation said yesterday it was not involved

● Express Newspapers is believed to be considering launching a Sunday version of its national daily The Star,

BAe opts for quicker returns

Lynton McLain on British Aerospace's purchase of Royal Ordnance

BRITISH AEROSPACE, the UK's biggest defence contractor, tightened its grip on Britain's arms industry this week by buying Royal Ordnance, the State arms and munitions company, from the Ministry of Defence for £190m.

It thus became the biggest manufacturing company in the West's defence sector outside the US, BAE and the MoD say.

Its range of products and sources of profit is impressive —from civil airliners to military fighters and bombers, from mines for the Royal Navy to guided missiles for world air forces, from machine-gun bullets by the million to cluster bombs, from electronic systems to advanced materials.

BAe in effect has cornered the UK market for a range of defence products. About 50 per cent of its sales will now come from defence equipment manufactured for the MoD, compared with less than 40 per cent before its purchase of Royal Ordnance.

BAe is seen now as a potential threat by some of its competitors in UK defence contracting. Sofe of them—including Ferranti, Hunting Engineering and Short Brothers — complained to the Office of Fair Trading about the threat to free commercial competition by the colossus of the enlarged British Aerospace.

BAe and Royal Ordnance had sales togethe worth more than £3.5bn last year, with £3.1bn at the formed and £440m at the latter, whose forecasts this year show a likely turnover of £500m.

The order book for the combination is even more impressive. BAe had a book worth £8.6bn at the end of last year. Royal Ordnance's was worth £800m — "rising to £1bn in the near future," Sir Austin Pearce, BAe chairman, said this week. The combined total, approaching £10bn, is unrivalled by any defence company in the West with a similar product range.

Sir Austin was anxious this week to underline the positive aspects of the purchase for BAe. "We feel strongly we can increase the business of Royal Ordnance. Clearly, there are areas where we can improve its efficiency." To this end, BAe has already begun a study to last possibly three months and identify action that may be needed to put Royal Ordnance into shape.

Sir Raymond Lygo, BAe chief executive and the new chairman of Royal Ordnance, hinted he would expect action on the recommendations of the study group within three months more.

Royal Ordnance is a vast organisation with 13 arms and munitions factories that make explosives and propellents (for guided missile rocket motors and shells), and two research and development sites.

The sites are distributed geographically, to make life difficult for potential enemies, and generally isolated in that weapons are tested away from centres of population.

The 16,000 workers have been through traumas as the Government sought to change them from civil servants employed by the MoD to employees of a commercial organisation, Royal

Sir Raymond Lygo: expects action in six months

Ordnance plc. This was in readiness for the planned flotation of Royal Ordnance shares on the stock market last summer, which was aborted at the last minute.

These employees are to be offered "free British Aerospace shares, paid for by the Government, to a similar value to that planned last summer at the time of the proposed flotation," Mr George Younger, Defence Secretary, told the Commons on Thursday.

Details not having been worked out, it is impossible to say precisely how much money the Government received net for the sale of Royal Ordnance.

BAe paid £190m with a cheque from its own resources. The Government has promised BAe, in one of the clauses attached to the sale and purchase agreement, to invest £12m "for improving the efficiency of RO and the competitiveness of its products." This brings the net sum received by the Government down to £178m.

The book value of the net assets of Royal Ordnance, at December 31 1986, was £235m.

These figures exclude the value of the Royal Ordnance factory at Leeds, the UK's prime maker of main battle tanks, which was sold to Vickers after the Government scrapped the RO flotation.

Lord Trefgarne, Minister for Defence procurement, said on Thursday this sale had raised £15.2m, which went to Royal Ordnance.

British Aerospace sees advantage in owning Royal Ordnance besides the profit potential. Sir Austin Pearce emphasised especially the benefits of the much quicker payback associated with its mass production, of items such as bullets, guns and explosives.

Cash accrues from the sale of such munitions in weeks. By contrast, BAe's design and manufacture of aircraft and guided weapons takes much longer to show a return. Sir Austin said the production of a single Tornado fighter aircraft (sale price about £17m) took about two years, with expenditure on materials and equipment not recouped until delivery.

The latest Airbus proposals, for the four-engined A340 and A330, for which BAe seeks £750m of repayable launch aid from government, were designed in 1985 but would not produce revenue until first deliveries, scheduled for 1992.

Hattersley opens Labour campaign

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR ROY HATTERSLEY, Labour's deputy leader, last night fired the first shots in a campaign designed to attack the Government's record and to restore his own party's electoral popularity.

He told a meeting in Harlow, Essex, that Mrs Thatcher had divided and impoverished British society and warned that another term of office for the Tories would be "a disaster" for the country. He said manufacturing industry had deteriorated since 1979 with output and investment collapsing and likely to fall further over the next five years under a third Thatcher government.

He said imports would continue to rise rapidly and predicted that 44 per cent of all manufactured goods would be imported by 1992 compared with 27 per cent in 1979.

Mr Hattersley also claimed that, under the Tories, the number of people on supplementary benefit had more than doubled, over 36,000 hospital beds had been lost, prescription charges had risen from 20p to £2.40 and the crime rate was set to double.

The deputy leader will tomorrow outline details of the type of election manifesto which Labour will put together when the general election is called. Most of the details have been announced in recent weeks as part of its "programme for national renewal."

The three principal themes at the centre of Labour's programme will be a revitalisation of the economy, the provision of improved public services and an attack on poverty. Mr Hattersley is expected to acknowledge Labour's recent poor showing in the opinion polls and the scale of the task confronting the party in order to achieve an election victory.

The leadership intends to ensure that the party's manifesto is short and to the point, and that it concentrates on what party leaders believe to be the "bread and butter issues." The overriding approach will be that the party's policies must be realistic and credible and that they can be implemented within the lifetime of a single parliament.

Roy Hattersley: will outline election manifesto

The party leadership appears a little less certain that Mrs Thatcher, despite her success in the Soviet Union, will call an early summer election, but it has nevertheless decided to proceed on the basis that a poll could be less than 10 weeks away.

A series of weekend speeches by Labour spokesmen will aim to step up the momentum of the attacks on Mrs Thatcher's records and to portray Labour as the only serious party of alternative government.

Next week Labour will unveil a nationwide poster campaign using slogans to push home the party's message. On Monday it will stage a House of Commons debate attacking the Government's "divisive" record and calling for a "one-nation" approach to the country's problems.

Obscenity bill wins second reading

By Tom Lynch

A BILL to toughen up the Obscene Publications law and extend it to cover broadcasting was given a second reading, with Government backing, in the Commons yesterday.

The Obscene Publications Bill, put forward by backbenchers from both sides of the House, outlaws material "that a reasonable person would regard as grossly offensive" in dealing with sex, drugs or violence. This is in addition to the existing law against material tending to "deprave or corrupt."

Several ministers, including the Prime Minister, helped the bill yesterday to a majority of 137 (160-23).

The bill has a long way to go to become law and faces determined opponents. Mr Ian Mikardo, MP for Bow and Poplar, and Mrs Gwyneth Dunwoody, MP for Crewe and Nantwich, both Labour, tried unsuccessfully yesterday to talk it out of time.

Mr Mikardo spoke for a minute under two hours, twice as long as Mr Nigel Lawson, the Chancellor, took to deliver his budget last month.

Mrs Dunwoody told MPs: "This is the sort of legislation that'll cause hours of argument in committee. It will have to be rewritten several times and will be finally rejected by the House of Commons, which does not like to see legislation that can be brought into disrepute."

Mr David Mellor, Home Office Minister, welcomed the Bill on behalf of the Government. In a changing climate of broadcasting there was a case for extending the obscenity law so long as it was realised that the present guidelines and the BBC charter were the first line of defence.

Mr Mellor said that the idea of a jury deciding what a reasonable person might think was not unknown to the law, and that a reasonable person "can tell the difference between trash and art."

Mr Alf Dubs MP for Battersea, opposing the Bill from the Labour front bench, said it did not give clear enough instructions to television producers about what was permissible and there was a danger of creating confusion in the minds of broadcasters, the police, magistrates and juries.

He urged setting-up of a Royal Commission to examine all the options, rather than the recent succession of private members' bills on the subject. Meantime there should be a dialogue with the broadcasting authorities about guidelines.

Mr Mikardo said the "grossly offensive" test was "far too vague to be a fair and proper criterion of guilt for an offence which carries a penalty of three years in jail."

In a list of material which he said would fall foul of the bill he included a Biblical epic film called Samson and Delilah. It was, he said, a very bad film, but many people enjoyed it and "it did not incite anybody to go out and kill 1,000 people with the jawbone of an ass."

Mr Mikardo said: "The criminal law should be sufficiently certain for citizens to know what the law is and to regulate their conduct so as to be sure of not committing any crime.

"The gross offensiveness test would not provide that certainty and predictability."

Mr Gerald Howarth, Tory MP for Cannock and Burntwood and a sponsor of the bill, said broadcasters were ignoring the present guidelines on obscenity.

Television producers were pushing further and further beyond what was acceptable, and the courts found the present law more and more difficult to interpret.

Pay bargaining cancelled by ICI subsidiary

BY CHARLES LEADBEATER, LABOUR STAFF

SCOTTISH Agricultural Industries, a wholly-owned subsidiary of ICI that makes fertilisers, has withdrawn its recognition of collective bargaining rights from three manual trade unions. The annual wage negotiations are to be superseded by a pay review through a consultative committee.

The company intends to let the unions represent members over individual issues and to continue a "check-off" system for collecting union dues. But all collective negotiations will go through a joint review committee of management and workers.

This has angered officials in the unions concerned—the General Municipal and Boilermakers, the Transport and General, and the AEU engineering union. A GMB official said: "It is clear evidence that employers now feel so confident and macho that they do not even have to deal with trade unions, that they can strip unions of bargaining rights."

The company said it was not attempting to "bash the unions." The change in collective bargaining at its Leith fertiliser plant complemented a series of measures it has introduced in the last year to make the company more competitive, Scottish Agricultural Industries said.

The 270 manual workers who were covered by the collective bargaining pact have shown no sign of resisting the change, the company said.

Under the new arrangements, the annual pay award will be determined by managers after they have heard workers' representatives at the review committee.

Trade union officials complained that the review committee is biased towards the company's views.

Scottish Agricultural said the changes complement measures to introduce team-working, complete worker flexibility over tasks, and to pass greater responsibility for maintenance to process workers.

The company has also introduced single-status terms and conditions of employment, so manual staff work the same hours and have the same holiday and pensions benefits as white-collar workers.

It said the established collective bargaining with the unions would not match its efforts to revise working practices. The change would bring manual collective bargaining into line with procedures for white collar workers, to match the harmonisation of terms and conditions.

The unions have insisted that, under the Health and Safety at Work Act, trade union representatives should remain workplace safety representatives.

THE CHEMICAL industry is in danger of losing control of its hazardous plants, the General Municipal and Boilermakers' Union warned yesterday, in a report on the industry's accident record over the last six years.

The industry's trade association surveys, which have shown a consistent decline in accidents since 1981, seriously under-estimate the risks of work in the industry, the report says.

Health and Safety Executive figures show that fatal and serious accidents have risen by 35 per cent since 1981.

The increase in accidents arises from inherent flaws in the design of chemical plants and failures to control production. Process workers are being increasingly asked to carry out maintenance work on pipes and valves with minimal training, the report says, calling for more stringent controls on the indsutry and an increase in the number of factory inspectors.

FT writers praised in awards

Financial Times Reporter

CHRISTOPHER DUNKLEY, the Financial Times television critic, has been named Critic of the Year in the 1986 British Press Awards. It is the third consecutive year this award has gone to the FT.

Another Financial Times journalist, David Fishlock, science editor, was commended in the Specialist Writer of the Year category.

The judges praised the "consistently high standard" of Mr Dunkley's work. "In a very strong category with some outstanding entries, Christopher Dunkley was chosen for his balanced, constructive and original writing about television."

Andreas Whittam-Smith, editor and founder of The Independent, Britain's newest national daily newspaper, was named Journalist of the Year.

The judges unanimously decided that his achievement "in creating, founding, arranging the finance and successfully launching The Independent made him the outstanding journalist of the year."

The new Arthur Sandles award for travel and leisure writers, in memory of the Financial Times travel editor who died last year, went to Edward Mace of The Observer.

Other awards made were: Reporter of the Year, Peter Murtagh (The Guardian); International Reporter, Trevor Fishlock (The daily Telegraph); Provincial Journalist, Richard Donkin/Tony Watson (Yorkshire Post); Young Journalist, Tim Walker (Evening Argus, Brighton); General Feature Writer, Bryan Appleyard (The Times); Specialist Writer, Colin Welch (Daily Mail); Sports Journalist, Simon Barnes (The Times); Columnist, Poly Toynbee (The Guardian); Campaigning Journalist, John Furbisher/Susan Mitchell (Yorkshire Post); David Holden Award, Simon Hoggart (The Observer); Colour Magazine Writer, Lynn Barber (Sunday Express Magazine); News Photographer, Brendan Monks (Daily Mirror); Graphic Artist, Roy Wright (Sunday Mirror).

John Brown has Soviet order

JOHN BROWN, the Trafalgar House subsidiary, has completed a £90m contract for a polypropylene complex in the Soviet Union.

The complex, at Budyennovsk in the northern Caucasus, is to consist of an 80,000-tonne plant making various commodity grades of polypropylene, and a 20,000-tonne film plant. It is to be next to a polyethylene plant built by John Brown in 1981.

Marconi to shed 450 jobs

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

MARCONI Communications, part of the Marconi defence and electronics group, is to make 450 workers redundant at its Chelmsford plant in Essex as part of a drive to cut costs.

The reductions, equivalent to 10 per cent of the company's 4,500 workforce, will follow consultations with trade unions. Marconi is part of General Electric Company, and employees may be offered jobs within the GEC group.

Marconi makes a range of equipment, much of it for the Ministry of Defence, in such areas as digital data, broadcasting and mobile radios. It said yesterday the redundancies were not connected with any particular business activity, or with ministry contracts, but added that competition in each of its markets had greatly increased during the past 12 months.

"To compete more effectively, all areas of cost have been examined, including manning levels," it said.

This follows a similar step at Thorn EMI Electronics, the defence systems division of the Thorn EMI group, two months ago. Thorn announced cuts affecting 550 workers out of a total of 7,140 in the defence group, saying it had been affected by a "slight" reduction in MoD orders. It added it was also embarking on an efficiency drive.

James Buxton, Scottish correspondent, writes: Hall Russell, an Aberdeen shipyard privatised by British Shipbuilders a year ago, yesterday laid off 130 of its 490 employees and said it was seeking a further 95 voluntary redundancies.

It blamed this on failure to win a contract for offshore patrol ships for India, which says it is to place the order in South Korea.

Under a national pay agreement, the 130 men laid off will be paid 75 per cent of their regular wages.

Virago agrees idea of buy-out

BY FIONA THOMPSON

VIRAGO PRESS, the feminist publishing house, reached agreement in principle yesterday with the publishing group Chatto, Virago, Bodley Head and Jonathan Cape for a management buy-out.

Financial discussions are well under way and the buy-out is expected to be completed by the end of this month, said Ms Harriet Spicer, Virago's joint managing director.

Virago, formed in 1973, joined the group in 1982 and was a small but successful part of it. Sales of £600,000 in 1982 rose to £1.7m last year.

Virago will maintain links with the group, continuing to share sales, distribution and warehouse facilities.

Substantive negotiations on the buy-out first started a month ago, Ms Spicer said. "We are delighted and very enthusiastic about the new challenge."

Mr Graham C. Greene, chairman of Chatto, Virago, Bodley Head and Jonathan Cape, said yesterday that he too was "delighted that we will continue to work so closely in the future."

Last week he was at the centre of a row with his uncle, the novelist Mr Graham Greene, when he denied reports that Virago was seeking to leave the group. The denial prompted Mr Graham Greene, in a letter to The Times, to accuse his nephew of living in a fantasy world.

The novelist threatened to quit Bodley Head, his publisher for 25 years, unless administrative changes were made in the group. The rift was bridged after a board meeting earlier this week.

Albright & Wilson raises British profits by 65%

BY TONY JACKSON

ALBRIGHT & WILSON, the chemical manufacturer, produced a 65 per cent increase in trading profit in the UK last year. This was despite falling demand in Europe for phosphate-based detergents, which led to reduced working at the group's plant at Whitehaven.

Worldwide trading profit for the company, part of the US energy group Tenneco, was up 10 per cent at £45.6m, as previously reported. During the three previous years profits were unchanged at £41m.

Profits from detergent materials were down from £24.6m to £19.8m, on sales slightly down at £247m. Profits on chemicals for pulp and paper declined from £7.9m to £7m. Improved profits came in other phosphorus products, up from £6.8m to £11.3m, and general chemicals, up from £2m to £7.5m.

Geographically the strongest performance came in the UK, with profits at £13.9m

Sources ruling challenged

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DEPARTMENT of Trade inspectors investigating suspected insider dealing are to challenge a High Court ruling that a journalist does not have to reveal the source of information on which he based stories on takeovers.

The appeal will be heard by the Court of Appeal on Friday.

Last Tuesday Mr Justice Hoffmann held that the inspectors had not satisfied him that disclosure by Mr Jeremy Warner of The Independent could prevent further insider dealing.

Mr Warner had contended that he had a dight as a journalist to protect the confidentiality of his sources.

Bank team to visit Japan

By Hugo Dixon

A BANK of England team will be in Tokyo from Monday for several days of discussion on harmonising the regulation of banks.

Momentum for developing internationally agreed standards of banking regulation has gathered since the UK and the US signed an accord

The Bank would say little about the trip except that matters were at a very preliminary stage. However, the main problem is expected to be convincing the Japanese not to include their banks' hidden property and securities portfolios in the calculation of capital adequacy.

Nationwide cuts rate

THE NATIONWIDE Building Society, Britain's third largest, will cut its mortgage rate by one percentage point to 11.25 per cent from May 1,

Dockyard unions' legal action fails

BY SALLY SELBY

UNIONS REPRESENTING 14,000 industrial workers at Rosyth and Devonport Royal Naval dockyards failed yesterday in a High Court move that could have delayed the handover of the yards to private management.

Mr Justice Millett said he would not grant the declaration the unions sought, which means that on Monday Devonport will be handed over to Devonport Management, a subsidiary of the US offshore group Brown and Root and Rosyth to Babcock Thorn.

The six unions had wanted a ruling that Mr George Younger, the Defence Secretary, had failed to comply with consultation procedures set out in amendments to the Dockyards Services Act. The judge said he would give his reasons for his decision on Tuesday.

After the ruling Mr Jack Dromey, national secretary of the Transport and General Workers' Union and secretary of the industrial workers in the dockyards, conceded legal defeat but claimed a moral victory.

"We found out more about what will happen under agency management in one week than in two years' futile exchanges with the MoD," [Ministry of Defence] he said. His dockyard members would now deal with the contractors.

The unions will wait to see Mr Justice Millett's reasoned judgment before deciding whether to consider an appeal.

Earlier in the five-day case Mr Martin Mann, QC, representing the unions, had said that the Secretary of State instead of having regard to his duties under the act, had sought to safeguard what he conceived to be the commercial interests of the new dockyard companies by respecting a claim of confidentiality on most, if not all, the issues which would affect employees' rights.

The ministry said the signing of the contracts with the private agencies had been made in full compliance with relevant law.

Mr Dromey had argued in evidence that it was inconceivable that the new managing companies had no proposals on a number of issues affecting the workforce. Employees at Devonport in particular feared substantial compulsory redundancies.

Bank union may ballot on 5% offer

BY OUR LABOUR STAFF

LEADERS of the Banking, Insurance and Finance Union are to consider balloting members on industrial action over a 5 per cent pay offer from the Federation of London Clearing Bank Employers.

The threat came yesterday after an eight-hour session at the conciliation service Acas failed to prompt an improved pay offer from the federation, which represents Barclays, Lloyds and National Westminster.

Mr Leif Mills, the union's general secretary, said after the Acas meeting: "The employers' attitude in the negotiations is a direct incitement to militancy."

The union claim for about 48,000 members working for the three banks in London was for an increase of £15 a week of 9 per cent, whichever was greater.

The employers' latest offer, made at Acas three weeks ago, was for a 5 per cent rise and an extra £175 a year for Grade Four staff, mostly senior securities clerks, and £125 a year for Grade Three junior securities clerks.

Consultations with union members since that offer was made showed that they were overwhelmingly in favour of rejecting it, Mr Mills said.

Public servants are angry over status and esteem as well as pay

David Brindle looks at the background to the Civil Service strikes which start tonight

WITH THE teachers still in revolt, and seemingly implacable, Tory MPs may this weekend be wondering why and how their generals have chosen the run-up to a general election to open a second front against 250,000 civil servants.

It is, however, highly unlikely that the Government has in any sense planned to take on the Civil Service unions. Moreover, it is at least arguable that the unions had not planned to take on the Government.

This year's negotiations over the pay of the 500,000 white-collar civil servants have been characterised by unusual anxiety on the Treasury's part to reach early settlements and to reach settlements incorporating greater flexibility between and within grades.

To a substantial degree this has been successful: the Institution of Professional Civil Servants has agreed a provisional deal for scientific and technical staff that clears the way for important progress on payment by performance and location: the Inland Revenue Staff Federation has settled in anticipation of further negotiations later in the year; the Civil Service Union, representing lower-grade staff, has said its members have no stomach for a fight.

As for the other unions, the general pay offer said by the Treasury to be worth 4.6 per cent on the salary bill conceals tempting nuggets for key groups —£5.75 a week more for those for whom the basic 4.25 per cent would mean less; an eventual 6.9 per cent for some executive officers; up to £2,000 extra in allowances for London-based lawyers.

Such nuggets were tempting enough for the leaders of the Civil and Public Services Association, the biggest union involved, to make no recommendation in the ballot which has produced a 59 per cent majority for disruptive action on a turnout of 65 per cent.

Why, then, the reaction? Why will members of the CPSA, the Society of Civil and Public Servants and the Northern Ireland Public Service Alliance tonight begin strikes and why, more surprisingly, are even the mandarins of the First Division Association discussing whether they should follow suit There are, perhaps, two explanations.

● First, there is growing evidence that the anger being demonstrated by civil servants stems not only from discontent over pay but also over the general standing of public services and public servants.

As a report published last week suggested: "Much of the discontent among teachers, civil servants, nurses and town-hall staff has focussed on pay levels, but decline in status and public esteem are also factors."

The report, by the Incomes Data Services research group, the Public Service Foundation and the KPMG Peat Marwick McLintock — consultancy, went on: "Many groups say that the Government encourages a press campaign of vilification against public servants."

Civil Service union officials reporting back from members' meeetings in places such as High Wycombe and the Prime Minister's constituency of Barnet—areas not renowned for their militancy—say this resentment has been an important issue.

One SCPS official said yesterday: "They know they are doing a bloody good job under impossible conditions and want some recognition for it. The least they want is for ministers to stop knocking them."

● The second possible explanation leads on from this. This year, for the first time in a national pay campaign by unions, the civil servants' case has been presented with the advice and help of commercial consultants—in this instance, Epic industrial communications company.

The campaign has stressed, both to the press and public and to civil servants themselves, non-pay issues such as claimed under-staffing, the run-down nature of offices and the quality of the services provided. This may well have struck a chord.

In addition, the unions have made skilful use of their limited resources, deploying national officials to the regions to whip up support for action, and planning with great care and precision a programme of disruption.

Having said that, it is going to be as difficult for the CPSA and CCPS to deliver the disruption as it has been to win their ballots. In the first place, the SCPS returned its 69 per cent majority for action only on a turnout it put at 46 per cent (nearer 42 per cent on the basis of the union's last declared membership).

Secondly, many of the SCPS computer specialists—who could play a decisive role in bringing the dispute to an early crunch—have only recently been on strike in a dispute of their own, over payment of discretionary allowances.

Third, though the Treasury has so far denied any such plans, there is speculation about possible legal challenges of the strike votes.

Although an exhaustive number of balloting meetings was held—1,172 in the case of the SCPS—it may be arguable that some members were denied an opportunity to vote under the Trade Union Act 1984 unless they attended such a meeting.

In the final analysis, for all the potential disruption of ports and airports and computer centres, the success or failure of the unions' campaign is likely to hinge on the determination shown by clerical workers in social security and employment offices the length of the country.

As usual, the poor bloody infantry will bear the brunt and hold the key.

Woman faces JMB charges

A COMPANY director has been charged with defrauding Johnson Matthey Bank, police disclosed yesterday.

Mr Geeta Pokerdas Lakhiani, a director of two companies which were JMB customers, Frester and Espee Enterprises, was charged with four offences, involving alleged false accounting and using forged instruments, and two cases of obtaining property by deception.

She appeared at Guildhall Magistrates Court in London yesterday and was remanded on bail until May 11.

French win Irish Sea cable contract

BRITISH TELECOM and Telecom Eireann, the Republic of Ireland's telecommunications authority, have awarded a £3.7m contract for a optical fibre cable under the Irish Sea to Submarcom, the French company owned by Alcatel and Cables de Lyon.

The cable will run for 80 miles between Holyhead on Anglesey and Port Marnock in Ireland.

Sally Selby reports on a scheme for tax relief on payroll donations

Charity begins in the workplace

CHARITY TAKES a large stride into the workplace on Monday with the start of a payroll give-as-you-earn scheme which is expected to boost the income of registered charities.

Foreshadowed in the 1986 Budget and already an established way of giving in the US, the scheme allows workers to give up to £120 a year to charities of their choice and to receive tax relief on their donations.

Government ministers have heralded the scheme with almost evangelical zeal. Last Tuesday, Mr Ian Stewart, Economic Secretary to the Treasury, said total charity tax relief was already about £500m a year, "but the more the payroll giving scheme costs the Treasury in tax relief, the happier I will be."

Leading from the front, the Government intends to enable its own employees to join the scheme and the Treasury is working on a project covering 216,000 civil servants.

The biggest of the 10 clearing agencies so far approved by the Inland Revenue is the Charities Aid Foundation, a charity which services other charities. Mr David Wickert, its director of payroll services, said 119 companies have already signed with it to operate the scheme and he expected 1,000 to have done so by the end of the month. Within a year, CAF predicted, half the working population will have access to a scheme.

Mr Wickert forecast that the first year will yield £30m-£40m, rising to £100m in the second or third.

The Arthritis and Rheumatism Council for Research, which has advertised widely to encourage take-up of the scheme, is optimistic about the project. However, Mr Jim Carter, the charity's assistant appeals director, predicted: "It's not going to work miracles for us overnight." He said it would take up to five years for give-as-you-earn to become "institutionalised."

Help the Aged opted to join with the National Society for the Prevention of Cruelty to Children, the Spastics Society, the British Red Cross and the Royal Society for the Protection of Birds in a consortium called Charities at Work—itself a charity—which its participants hope will attract substantial payroll donations to be split five ways.

Without employers' co-operation, however, the scheme cannot function. The Confederation of British Industry, which is keen for members to set up schemes, is holding a one-day conference next month covering payroll charity. There had been fears that companies might baulk at the extra administration involved in the scheme, but the CBI reported "no opposition at all" from employers.

In the trade union movement, the TUC's international committee meets on Monday to finalise details of TUC Aid, a charity backing Unicef projects.

Union members will be encouraged to support TUC Aid through payroll giving, while Nalgo, the white-collar union, is promoting the scheme partly in the hope of boosting its welfare fund. For EETPU, the electricians' union, give-as-you-earn was the catalyst for the charitable trust it is setting up.

Guide Dogs for the Blind has advertised for support in trade union papers, but it remains to be seen whether most people will back the fashionable charities, or whether workplace enthusiasts for smaller, local causes will be able to inspire give-as-you-earn support from fellow employees.

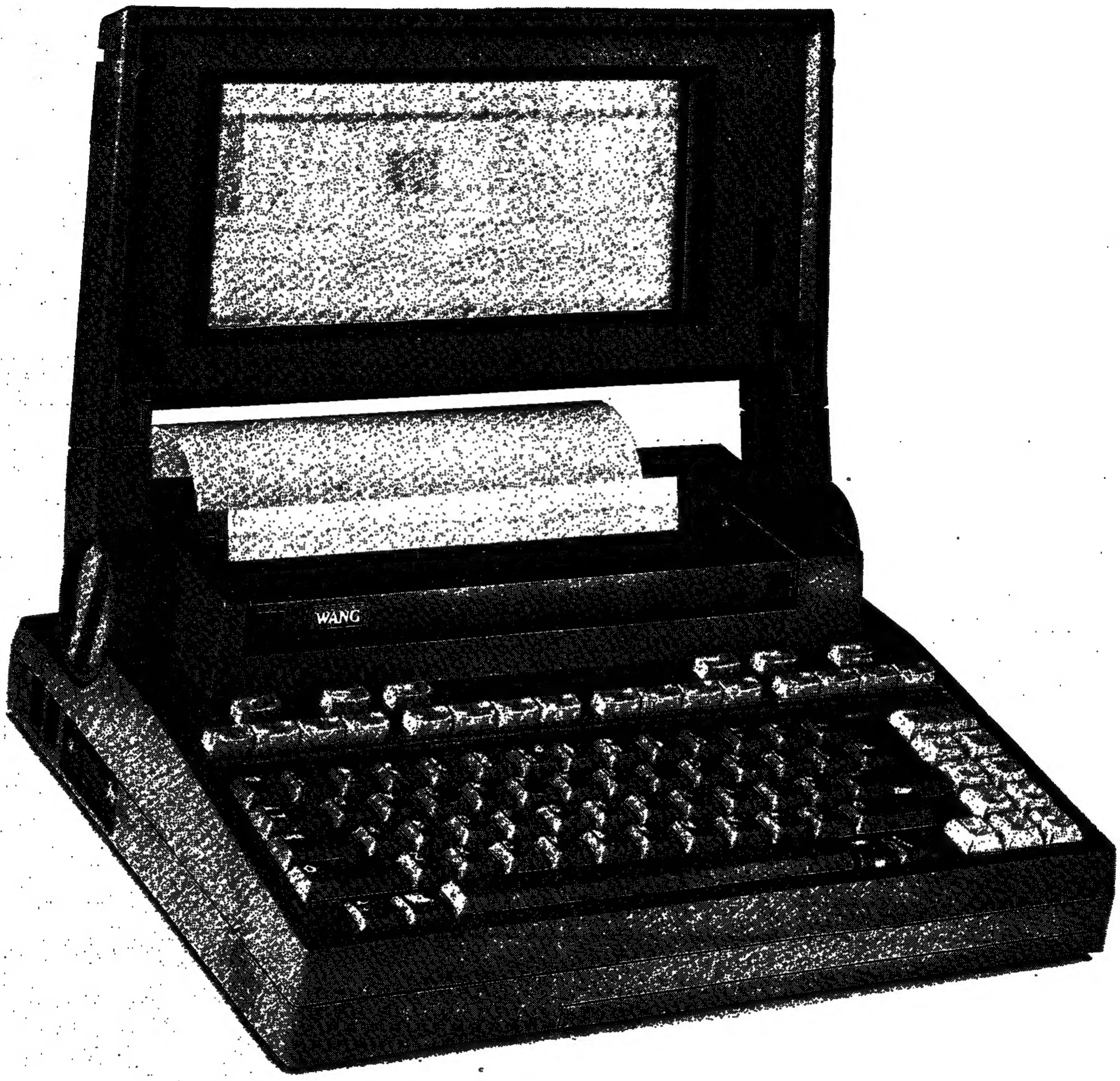
HOW THE PLAN WORKS

The Inland Revenue approves charity agencies to act as clearing houses to transmit donations to other charities. Approved agencies contract with firms and companies which want to operate a give-as-you-earn scheme. Employees who want to take part authorise their employers to deduct up to £10 a month from their pay and name the charity or charities their donation is to benefit.

The employer makes the deduction before working out PAYE on the pay, so tax relief is automatically given on the donation. The employer pays the donations to the charity agency and the agency acts as a clearing house, distributing donations to individual charities according to employees' wishes.

ملف | صحة | العمل

WANG MAKES IT WORK



An instant quotation for the insurance business:
"If you want hard disk power and battery operation in a portable computer, there's only one choice. A Wang LapTop."

PC MAGAZINE

Sit down with a Wang LapTop on your knee and you can be as well equipped on the move as you are in the office.

It's the only battery and mains powered portable with a printer and a 10MB Winchester Disk in one 14½ pound package.

One battery can take you from London to Edinburgh, courtesy of British Rail.

Or you can work in your client's home or office, without crawling under the desk for a mains socket.

As well as preserving your dignity, the LapTop will also hand out all the advice, quotations and policy information your client wants.

On the spot.

And it will store all their records, as well as your own commission details.

You can show startlingly accurate benefit projection charts and other graphics to help illustrate comparative product performance and "as-if" analysis of unit trusts and funds.

Back at the office, you can link up to your desktop printer.

Or plug into a colour monitor.

Even connect with other computer systems. It's as happy in the office as out of it.

In fact, Which Computer found it 4½ times faster than IBM PC.

They went on to say: "The Wang LapTop outdoes the competition by including a printer. We found it a joy to use."

If you'd like to know more about it, please call Debbie Kerr, Wang UK Ltd, 1000 Great West Rd, Brentford, Middlesex TW8 9HL. Telephone: 01-568 4444.

WANG

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday April 4 1987

Seven days for wiser counsel

TODAY THE EEC finance ministers and central bank governors gather in Knokke-e-Zoute for two days of discussions on current financial strains within Europe. They will also, no doubt, do their best to achieve a common position for the week-long meeting of the IMF Interim Committee in Washington. This comes not a moment too soon. The Paris agreement on exchange rates and policy co-ordination was reached only a short time ago. It was aimed to stabilise exchange rates and to head off the danger of protectionism, and it is clearly in danger of coming unravelled before it has well started.

Exchange market turbulence seems to have been contained for the time being at least, but it must have been a near thing. London was hardly the storm centre, yet the UK reserves rose by nearly $2bn during March. Intervention in New York and Tokyo must have been on a very large scale — how large we are unlikely to be told for a long time. Mr James Baker, who set the whole crisis off with a single remark in an interview for British television two weeks ago, must privately feel like a man who inadvertently opened Pandora's box.

What provoked him, of course, was the growing impatience throughout the West with what is seen as Japanese protectionism. Mr Baker no doubt hoped to provoke lobbying by Japanese exporters to open up the Japanese electronics market, just as the British Government is now attempting to frighten the Japanese banks into lobbying on behalf of Cable and Wireless. The markets can have left ministers in no doubt at all that they regard these as misguided and thoroughly dangerous experiments.

Japan-bashing

The trouble is that although the current account statistics suggest that there is a strong case for Japan-bashing, and are likely to go on giving the same message for some time to come, the real dangers are political, not economic.

Trade flows take a long time to respond to exchange rate changes, especially where these changes are not supported by any significant adjustments in domestic policy. The signs are that efficient producers in the US are now fully competitive with the Japanese, and indeed US export volumes are recovering quite sharply, while Japanese exports stagnate. There are unsettled problems with other countries, notably Taiwan and Korea (whose finance minister may have a hot time in Washington next week), but not with Japan.

However, the leaders of the countries mainly involved are all under political pressure. President Reagan is most gravely disadvantaged; he is in danger of losing all control of policies determined by legislation now that his veto has been over-ridden in Congress three times in succession. The Democratic majority in the legislature is drafting trade legislation which would bind the President to aggressive trade retaliation. He must show himself tough simply to preserve some freedom of action.

Bad trouble

Mr Nakasone is almost as badly placed. No prime minister is fully secure under the inscrutable Japanese faction system, and Mr Nakasone, who could previously wield his strong popular support to back his policies, has run into bad trouble over his proposed tax reforms.

As Mrs Thatcher has now discovered, he is not necessarily able to deliver what he promises, where domestic vested interests are threatened. Indeed, there were clear signs yesterday that US and British pressure may well provoke a nasty backlash in Tokyo. Ministers there are now talking in terms of counter-retaliation rather than compromise.

Strongest position

Mrs Thatcher is running for re-election too; but after her remarkable Moscow visit, she appears to be in a far stronger position domestically than the President or Mr Nakasone. Although she seems to have taken the rebuff to Cable and Wireless in the Japanese telecommunications market as a personal affront, she is much the best placed of the near-combatants to impose a bit of commonsense on the situation.

It is very much to be hoped that she will. Britain is far more dependent on international trade than her bigger trade partners, and is at present in the strongest position to take advantage of open markets that sh has enjoyed for many years. Japan is hardly the only country which protects its domestic telecommunications market, and Britain is certainly the last country which ought to protect its financial market.

Even on purely vote-gathering grounds, it is hardly in the Conservative interest to scare the stock market into a further heavy fall (though the fall this week no doubt owes something to profit-taking for the new tax year as well as trade fears). Fortunately the one minister who clearly understands all these points is the Chancellor, who has been saying all the right things in recent speeches. Now he should go to Washington and do the right things.

IBM'S NEW PERSONAL COMPUTER

The Empire strikes back

By Alan Cane in London and Louise Kehoe in San Francisco

THE NASCENT personal computer industry learned its lesson the hard way six years ago when IBM entered the business with a machine—the now ubiquitous IBM/PC—which was technically mundane and unaggressively priced.

Apple, Tandy, Commodore and the rest heave sighs of relief, belittled "Big Blue's" boring new box—then watched aghast while IBM relieved them of much of their market share. Suddenly, it was almost a one-horse race.

IBM's competitor's were giving no such hostages to fortune two days ago when, with a resounding fanfare, the world's largest computer manufacturer announced a new range of personal computers massively more powerful and sophisticated than its current models.

Major companies like AT&T are still digesting the vast array of technological detail in Thursday's announcement. But immediate reactions reflect relief that IBM's secret is out at last, together with a certain nervous bravado. Mr Rod Canion, president of Compaq, a major US personal computer manufacturer declares: "We do not anticipate any major impact on our business."

A spokesman for Olivetti, the leading European personal computer maker, argues that IBM has simply brought its machines up to the performance level of its principal competitors.

The underlying sense, however, is that the personal computer world has changed irrevocably, even if it will take some time for the full impact of the change to be felt.

"This is Big Blue asserting its leadership more than ever before," says Mr David Hull, president of the US software house Microrim.

"It is a very major announcement," according to Mr Richard Matlack, president of Infocorp, a leading US market research organisation, who adds: "IBM will do very well in the corporate environment with these computers."

And that is what counts with IBM. It had two principal objectives in launching the four types of personal computer which constitute its Personal System/2 (PS/2) range.

First, to secure its position as the leading personal computer supplier to corporate customers worldwide.

Second, to strike back at manufacturers of "clones," low cost copies of its PCs which run the same software and which have increasingly cut into its market share both in the US and Europe.

Experts agree that IBM could accomplish these objectives at a stroke with the new machines. It has opened the doors to a new kind of corporate personal computing and it has incorporated advanced technology in its new machines which clone makers will find difficulty, costly and time-consuming to copy.

There is a third but less obvious tactic in IBM's strategy. It seems to be adopting measures which will give it more control of its network of authorised dealers with the object of substantially increasing its revenues.

How will IBM make fast its hold on corporate accounts? What its competitors underestimated when IBM first came into the personal computer business was its ability, by virtue of its size and marketing muscle, to legitimise new approaches to business data processing.

Personal computing was only for hobbyists and enthusiasts before IBM signalled to the big corporations, with the launch of its own PC, that it was a proper course for a responsible company to follow.

Now it is telling those companies that personal computing is going through a sea change and that it is all right to alter course — with, of course, a helping hand from Big Blue.

The essence of the change is from the personal computer as stand-alone business tool to corporate workstation forming part of a company-wide data processing strategy. The new models are very powerful and use a control program or operating system (OS/2) jointly developed by IBM and the US software house Microsoft. This enables the machines to carry out more than one task at a time and to be linked together in networks through IBM's own proprietary networking systems.

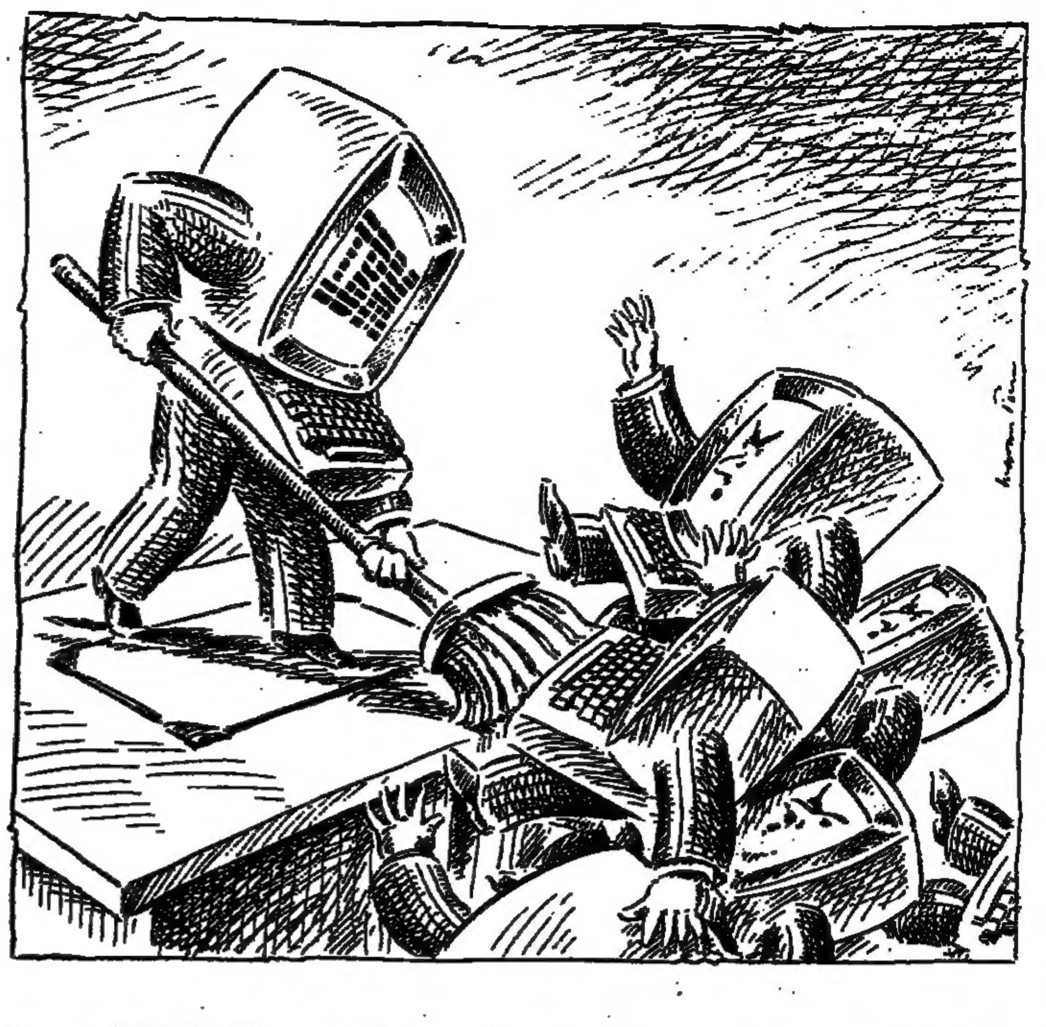
"With the new hardware and the operating system OS/2, IBM has made a quantum price/performance leap and is leading the personal computer industry into a third wave of evolution," Mr Leon Williams, president and chief executive officer of Micropro, said yesterday. Micropro markets Wordstar, the best-known word processing software program.

IBM did not originate the idea of the corporate workstation—several of its competitors have been marketing similar concepts — but it is likely that with IBM's endorsement, the notion will take off in a big way.

IBM has quietly been pushing ahead with other developments to make this new concept of corporate computing possible.

Last year it launched a departmental-sized computer, the 9370, that is compatible in design with its top-end mainframe computers. Last month it announced it would be introducing software systems — Systems Application Architecture or SAA — to enable its personal computers to communicate with its medium-sized machines and with its mainframes, the first time IBM could boast such inter-machine compatibility.

Digital Equipment (DEC) the US minicomputer manufacturer, has had this facility for some time and has won market share from IBM because of it. With the PS/2 computer and SAA, IBM has simultaneously struck back at DEC and any other manufacturer claiming a completely compatible machine range, while making it yet more difficult for competitors to dislodge it from the corporate desk top.



Market share for PCs costing up to $10,000

World	1986	1985	US	1986	1985	Europe	1986	1985
IBM	22.5	28.5	IBM	30.3	40.5	IBM	28.7	33.2
Apple	5.5	6.9	Apple	8.0	10.3	Olivetti	12.2	10.8
NEC	5.0	4.4	Compaq	6.3	5.2	Apple	6.7	9.5
Commodore	2.6	4.3	Tandy	4.7	4.0	Commodore	4.4	4.6
Compaq	3.7	3.0	Commodore	1.8	3.8	Victor	2.9	—
Tandy	3.0	2.5	AT	4.7	3.7	Bull	2.5	2.5
Others (clones etc)	57.7	50.4	Others (clones etc)	44.2	32.5	Tandon	2.3	—
						Zenith	2.3	—
						Amstrad	2.3	—
						Others (clones etc)	37.7	39.4

Source: Dataquest — Source: Dataquest — Source: Intelligent Electronics

Another highly significant point: stand-alone computers were often bought out of petty cash by individual executives, a phenomenon which weakened the position o fthe data processing manager in the companies concerned and led to a kind of computing anarchy where IBM had little natural influence. With the evolution of corporate computing, by its nature highly technical and complicated, the data processing manager will be firmly back in control and IBM will be back in the driving seat.

"Clone" manufacturers have been a thorn in IBM's flesh for the past two years, pushing its share of the market down by over 10 per centage points in the US alone.

IBM has incorporated advanced technology in its new machines which they are likely to find hard to copy quickly.

First and most important, it has altered the basic architecture or design of the personal computer in such a way that it behaves more like a mainframe than a microcomputer. A system for moving information around inside the machine at very high speeds, which IBM calls the "Micro-channel," has been incorporated.

"Channel" is the clue. Mainfarmes have high-speed channels. Minicomputers and micros conventionally have a much slower "bus," a data highway on which all the information moving within the machine has to travel.

IBM's use of channels on the new machines is a radical break with microcomputer design philosophy and it is unlikely that a clone maker could copy the design in under 18 months. On the other hand, it is possible that IBM will license the design to other manufacturers; by doing so it would establish a new standard in microcomputing and keep control of that standard in its own hands.

IBM's second technological advance is in the amount of versatility built into the machines. The original PC was a very basic animal. It could be made to carry out an extended repertoire of tricks by bolting on extra circuitry, much of which was designed and supplied by third-party vendors.

IBM has now buried many of these extra functions in special, custom-designed chips which, again, will be hard for a clone maker to copy. It will also do the add-on manufacturers out of a great deal of business. Mr Matlack of Infocorp says: "Everybody saw this as a threat to the clones, but maybe we were looking in the wrong direction. It is the add-on curcuit-board makers and the peripheral manufacturers who will be immediately impacted."

Microsoft said this week that it would be offering the new IBM operating system as a proprietary product to be called MS OS/2.

The only fly in its clone-bashing ointment is the delay before the new products are available. The largest of the new machines, the Model 80 which processes information 32 bits at a time like a mainframe computer, will not be shipped until the last quarter of this year. The new operating system may not be available until early 1988.

The big question is whether that is time enough for the clones to put together an answer to the new systems. Mr Michael Dell, president of PCS Ltd, a US clone maker, says confidently that it will take six to nine months after general availability of the new machines: "A lot of work has already been done in anticipation of this announcement."

The overall market is now completely segmented. At the bottom end, low cost clones like those marketed by Leading Edge in the US and Amstrad in Europe will continue a bruising battle characterised by intense price competition and low margins. IBM has no interest in this.

In the middle, dealers will have a wide range of machines to choose to sell, while at the top end companies like Compaq, Olivetti and Apricot will join IBM in attempting to market the corporate computing concept to the large corporations.

IBM, however, is moving powerfully to increase its control of the dealer channel. According to Mr Dell: "IBM is making it very difficult for dealers to sell non-IBM peripherals and add-ons with its personal computers."

Typically, half the value of an IBM "personal computer" sale is third party equipment add-on boards, monitor and so forth. "If IBM simply maintains its current market share but forces its dealers to sell only IBM peripheral equipment, then it will increase its revenues by 30-40 per cent," Mr Dell suggests.

Apple Computer already has this arrangement with its dealers and its revenues have risen accordingly. With a special market niche in education and desk top publishing, it alone seems likely to come unscathed through the personal computer battles of the next few years.

Man in the News

Sammy Thompson

Scargill's man, but with a difference

By Charles Leadbeater, Labour Staff

A SHAMBOLIC posture can conceal an immense political figure. Possessed with a vivid sense that the working class both has an historical purpose borne in the past century, and must earn its purchase on the modern world, Mr Mick McGahey retires as vice-president of the National Union of Mineworkers in July.

Last autumn he retired from the TUC's General Council, with tales of Chartist meetings in Birmingham, the Communist Party of his wartime youth, the 1984-85 miners' strike, and a warning to the left. "Don't get trapped in cul-de-sac politics," he pleaded.

It was a clear reference to Mr Arthur Scargill, the NUM president, who dominated the union during Mr McGahey's period in the leadership.

Into the void created by the Scottish Mr McGahey's departure, will step 53-year-old Mr Sammy Thompson, a man widely seen as "Scargill's candidate," in the elections whose results became known this week.

A product of the same rich seam which has bred so many Yorkshire socialists, Mr Thompson comes to the position at a time when the character, relevance and viability of traditional class socialism, and the potency of its vanguard — the miners—is in serious doubt.

Socialism, the Labour Party and the union were in the Yorkshire air of his childhood, he says. But can the union which has played such a central role in the culture of British socialism from the turn of the century regenerate itself as a force in the 1980s and beyond?

Like his father and grandfather before him, he started work aged 15 at Armthorpe colliery. The pit, renamed Markham Main, towers over a long bend in the M1 motorway, as a warning to stray Southerners that they are entering territory which works to a different rhythm.

Mr Thompson recalls with anger the issues surrounding the closure of the long forgotten Yorkshire Cortonwood colliery, which was the immediate cause of the strike. "The strike should never have happened. It was terrible management. But if the same issue came up again we would have no option but to take the same course of action," he says.

But that belief in the necessity and virtue of the miners' action, is qualified by criticisms which would never pass Mr Scargill's lips.

Most crucially he believes the union should have started campaigning for public support much earlier: a tacit admission that the proud, isolated, vanguard cannot succeed alone. However, he also believes it was a fundamental error to return to work without an agreement which settled the position of the 1,000 dismissed miners. The issue was finally laid to rest this week more than three years after the start of the strike.

He is concerned that two years after the end of the strike the union has still not been able to agree a conciliation procedure with British Coal which would allow issues to be processed within a stable framework.

This insistence on the need to negotiate change with British Coal, supported by his record as a local negotiator in Yorkshire, sets him aside from Mr Scargill.

Mr Thompson recognises the leadership's most important task is to maintain unity in a union which is in danger of fragmenting.

Rapprochement with the breakaway Union of Democratic Mineworkers will be impossible as long as its current leaders remain in place. "Whether we picketed or argued with them they were determined to break the union," he says. He rejects Mr McGahey's suggestion that the NUM needs to be more active in persuading members of the UDM to rejoin. He expects members of the UDM will come round to see that only British Coal will benefit from playing off two unions, and drift back to the NUM.

More pressing will be the need to rebuild unity within what remains of the NUM. While Mr Scargill has claimed Mr Thompson's election as an endorsement of his leadership, the same ballot further shifted the politics of the union away from the increasingly isolated President.

The executive, which since the strike has consistently rebuffed Mr Scargill, shifted to the right; the South Wales area is acting almost autonomously in negotiations over the planned Margam drift mine; the President is losing left support even in Yorkshire.

In the midst of this, British Coal is resolutely pursuing a strategy which by radically changnig working practices is taking more bargaining out of the hands of national union officials.

On these issues Mr Thompson takes equivocal positions which have the feel of bridge-building efforts.

Mr Thompson recognises the pressures on the South Wales NUM, but he defends the national leadership's commitment to the five-day week, which the Margam deal will breach. But unlike Mr Scargill, he does not accuse the Welsh of collaborating with class enemies, but insists South Wales should abide by national policy.

He will not, he insists, be "Arthur's man." "We disagreed, as young delegates on the Yorkshire Council, we have disagreed on the national executive committee, and we will disagree in the future. But I am not going to display public disunity," he says.

Mr Scargill apparently believes in a metaphysical vision for the miners; a political and industrial march forged in the class struggle, its coveted outcome "class victory" as a matter of principle, no matter what the practicalities.

Mr Thompson is a different kind of Yorkshireman, perhaps a different kind of socialist. He agrees that the issues confronting miners have not changed since he first descended the shaft at Armthorpe in 1948. But miners have changed, he says. "They are younger, they have modern aspirations, and ways of life, they might not be prepared to put everything on the line."

The central question for the union is whether those who disagree with Mr Scargill, however subtly, will have the strength to mould an alternative strategy to guide the union. It will need to be a strategy strong enough to withstand the politics of immutable socialism, the immutable union, the immutable miner and the doubly immutable Arthur Scargill.

Springtime jitters for Mr Husak

"THROUGHOUT our history we have often been ahead of our time," the elderly Czechoslovak official muttered gloomily. "And look where it got us."

A column of Soviet tanks was parked round the corner from the flat where we spoke. It was just after the fateful occupation of Prague by Soviet troops on August 21 1968.

The official was referring to Jan Hus, the religious reformer who attacked Church abuses a century before Martin Luther and was burned at the stake for it. But the official also meant Alexander Dubcek, the reformist leader who was spirited off to Moscow after the invasion, given a dressing down and several months later dropped from power into obscurity.

If that dejected Czechoslovak official were alive today he would, no doubt, relish the supreme irony of the political drama unfolding in Prague. Less than 20 years after Moscow quashed Mr Dubcek's "socialism with a human face" the roles have been reversed.

This time, a crusading Soviet reformer, Mr Mikhail Gorbachev, has placed in a quandary the very Czechoslovak leadership which Moscow put in to replace Mr Dubcek. Mr Gustav Husak, the orthodox 74-year-old Czechoslovak party leader and President is not alone in his predicament. The conservative East German party under Mr Erich Honecker and, ultimately, the ultra-conservative Romanian leader, Mr Nicolae Ceausescu, face the same dilemma.

Mr Gorbachev will be acutely aware of this when he arrives in Prague on Monday for an official "friendship visit." His first visit was in 1969 when as a member of a Soviet party delegation he witnessed the aftermath of the occupation of the country ordered by Mr Leonid Brezhnev, the late Soviet leader he has so harshly condemned.

The Czechoslovak leadership is walking a tightrope, paying tribute to Mr Gorbachev's reforms, but making it clear that Czechoslovakia is not the Soviet

Leslie Colitt tests the winds of change in Prague and finds the leadership in a quandary

Union. Prague says what is needed is economic restructuring (pestavba) "or, if you like, reform of the economic mechanism," as Mr Husak told his central committee last month. It was one of the rare occasions when the emotive word reform was uttered in public.

Mr Husak was much less certain about political and social reforms. "Thought," he said, was being given to the "possibility" of electing leading economic managers and to "possible proposals" for improving the "preparation" of elections to representative bodies.

The Prague leadership sees an immense risk in wider-ranging reforms being interpreted by ordinary Czechoslovaks as a signal for political and social liberalisation. Czechoslovaks are intrigued by the Soviet reforms and are tuning in to Soviet TV, which can be received throughout their country to learn about them.

Mr Husak stressed that no one was "forcing" reform in Czechoslovakia, and in this he was probably right. The astute Mr Gorbachev, one East European official reflected recently, could not wish to endanger his position by actively fostering major reforms in either Czechoslovakia or East Germany. Both are "front line" Warsaw Pact states whose stability is essential to Moscow.

As if to remind Mr Gorbachev of the dangers inherent in introducing genuine reform to Czechoslovakia, the Prague leadership earlier this year brought out its top ideological watchdog, Mr Vasil Bilak. He warned that "some people" in Czechoslovakia who were ecstatic over Moscow's "new policy" were in reality hiding their "anti-socialist" activities.

Ostensibly, Mr Bilak was referring to the more than 1,000 signatories to the Charter 77 civil rights manifesto issued in Prague 10 years ago. Charter 77 has come out strongly in favour of the Gorbachev reforms, as has every other

Moscow's crusader meets the orthodox Czechoslovak leader

dissident movement in Eastern Europe. However, it has also called on Mr Husak personally to urge the Soviet leader to withdraw his troops and missiles from Czechoslovakia.

But Charter 77 does not have a wide following among Czechoslovaks.

Mr Bilak's real target was Mr Lubomir Strougal, the Czechoslovak Prime Minister, who is a frustrated advocate of limited economic reform.

Nonetheless, even President Husak admits the need for a "radical" change in the management of the faltering economy, as he told last year's party congress. In January a massive document was issued containing 37 "principles of economic restructuring."

Starting next year some 120 industrial companies are to be freed from some of the most stifling aspects of central planning. They are to be given only a few key macro-economic planning targets to meet. They are to be allowed greater leeway to plan output and distribution, as well as to obtain supplies, and will operate on the basis of "full financial accountability" without state subsidies. Profit is to become the primary criterion. They will decide independently on investments, wages and size of labour force.

But although the document is laced with the buzz words of reform such as "enterprise autonomy" and "wage differentiation," it is highly contradictory. The introduction notes that the country's economic planning and management system is to be "constantly improved." In the jargon of East European parties this usually means more tinkering with what is a tried and proven quantity. A senior party official, Mr Josef Haman, says restructuring of the economic mechanism has "nothing to do" with a shift towards the concept of market forces.

The Prague leadership has explained that restructuring will not become fully operative until the next five-year plan starting in 1991, although three companies — producing glass, musical instruments, and costume jewellery — will be affected this year.

But as Czechoslovak industry becomes less and less competitive, the need for wider-ranging reform becomes ever more acute. Scarcely a day passes without a senior official bemoaning the wretched state of Czechoslovak manufacturing, once the pride of central Europe.

Since Communist Party rule began in 1948, Czechoslovakia has coasted along on past industrial achievements while expanding costly white elephants in the iron, steel and heavy engineering sectors. The Czechoslovak economic miracle after 1948—it is said only half jokingly—managed to give its citizens one of Eastern Europe's highest standards of living, without being able to afford it.

However, Mr Valtr Komarek, who heads the remarkably independent Czechoslovak Institute of Economic Forecasting in Prague, has noted that comparisons with Eastern Europe are misleading: Czechoslovakia has traditionally belonged to the advanced countries, and its economic results should be compared with them, not with those of the Soviet Union or Romania.

He has argued for genuinely market-oriented reforms and for "inter-connected measures," not a few isolated ones. The main task, he has stressed, is that of "democratisation and social motivation"—a phrase often used by Mr Gorbachev.

Mr Zdenek Mlynar, a former Czechoslovak party official has given a fascinating account of the Soviet leader, who was a fellow law student at Moscow University in the 1950s.

Writing in the Italian communist newspaper L'Unita, Mr Mlynar who now lives in the West, described the young Gorbachev as a reformer in spirit who regarded politics as a means, and the "needs of the people as the end."

Mr Gorbachev, he wrote, said then that he was in favour of Czechoslovakia and Moscow's other allies "having the possibility to follow their own specific paths of development."

Whether the Soviet leader remains convinced of this, or whether the "Prague spring" of 1968 and the realities of Soviet hegemony in Eastern Europe have changed his mind, is a question only time will answer.

The Battersea challenge to Mickey Mouse

David Churchill, Leisure Industries Correspondent, on theme parks

THE BATTLE lines are being drawn between the might of Mickey Mouse and the unlikely opponent of London's Battersea power station for supremacy in Europe's booming theme park industry in the early 1990s.

Last week the French Government and the Walt Disney organisation finally agreed plans for the first European Disneyland to be built east of Paris.

This week London hit back with the unveiling of an ambitious £135m project to convert the derelict Battersea power station into a major entertainments and leisure complex to rival Disney.

Both projects will be dependent on attracting the international tourist for at least half of their visitors.

More importantly, both will face stiff competition from a clutch of new theme parks designed to capitalise on the fast-growing European demand for leisure activities.

"The 1980s are proving a boom period for theme parks in Europe," says Mr John Brown and Ms Ann Church, authors of a recent major report on the leisure industry published by the Economist Intelligence Unit.

"New investment in existing parks and plans for new parks are being announced on a regular basis and indicate the high level of interest in theme parks currently being generated in Europe," they add.

This boom has been fostered by increased car ownership in North European countries such as the UK, France and West Germany, and rising disposable incomes coupled with more leisure time.

A "day out," moreover, is one of the most popular forms of leisure activity. Surveys show that nine out of ten adults had at least one day out in the past year—many took considerably more. An estimated 218m days out of all kinds are taken in the UK each year.

Alton Towers, Staffordshire, Britain's biggest theme park, had some 2.5m day-trip visitors last year, suggesting that considerable potential exists for the parks.

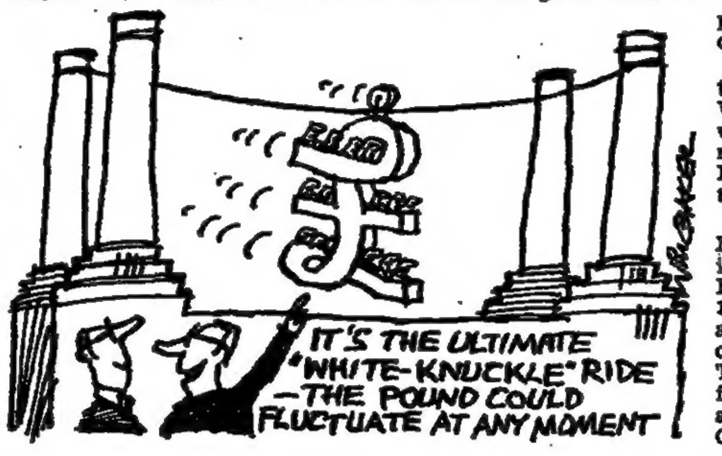
Just what is a theme park? "It's not just a question of putting a few amusements together in a nice setting," says Mr John Broome, chairman of Alton Towers and the man behind the Battersea project.

"The parks that don't do well are those which do not understand what the public wants and are not prepared to invest in providing this," he adds.

The term theme park originated in the US in 1955 with the opening of Disneyland in California. Since then, it has come to mean a large leisure park, incorporating rides or amusements grouped in areas (or themes), which may have Wild West forts or medieval villages, Elizabethan-style shops, fantasy rides, and costumed characters.

The most popular attractions are what are euphemistically known as "white-knuckle" rides — those spiralling roller-coasters which defy gravity and involve terrifying drops, curves, or loops.

Most of the main theme parks in the UK charge between £3 and £8 as an entry fee, with all rides and attractions free. Average expenditure per visit, including food, is between £38 and £45 for a family of four.



The UK has two major theme parks, with annual admissions of over 1m.

Throughout the rest of Europe there are 19 major theme parks; West Germany leads the way with six. One of the largest and most impressive is the De Efteling park at Kaatsheuval in the Netherlands.

Much of the optimism among European theme park operators is generated by the proposed French Disneyland, opening in 1992, and set on some 4,400 acres of farmland. Disney's only other venture overseas, the Tokyo Disneyland which opened four years ago, is capitivating almost as many visitors as the Californian original.

The French Disneyland has spurred at least six other theme park developments in France, such as one based on the cartoon character Asterix which is due to open near Paris in the spring of 1989.

The UK's biggest development on the cards is the £400m Wonderworld theme park built on a former British Steel open-cast mine at Corby in Northamptonshire and due to open in 1989.

But it is the Battersea park, due to open in 1990, that looks likely to capture most attention because of its prime location on the bank of the Thames. The original facade of the building is being preserved (it is a grade two listed building) but inside a variety of different themes will be pursued, including what is claimed to be the ultimate "white-knuckle" experience — a "Magic Room" which rolls through 360 degrees.

But theme parks are not a guaranteed success. Brittania Park, built on a restored open-cast site in Derbyshire, opened its gates to the public in summer 1985. Three months later it was forced to call in the receiver, a victim of poor weather, the wrong concepts, and unfinished construction work at the time of opening.

In the US, moreover, there are some 2,000 theme parks of all sizes, with about 30 having annual admissions of over 1m. No new parks—except Disney's Epcot Centre—have opened in the last decade and attendances at the non-Disney parks have remained static.

Most leisure analysts believe that European theme parks are still in their growth phase and point to developments such as the Channel Tunnel which will help boost their popularity.

In the meantime, Mr Denis Thatcher will be getting his first taste of a theme park later this month when he opens the new "Thunder River" shooting-the-rapids water-ride at Thorpe Park, Surrey, in time for the Easter holidays.

Changes in the tax system

From Mr C. Beattie.

Sir,—Your correspondent Mrs Singleton is right in favouring fiscally neutral taxation of individuals regardless of status. Nearly every politician who wants to support some objective, such as marriage or child care, expansion of business or research and development, or reduction of unemployment, rushes into proposals to alter the tax system to that end.

I submit that it is wrong to use the tax system for such purposes, partly because our tax laws thereby become increasingly complex and partly because such use has no effect whatever on those whose resources are not large enough to bring them into the tax net; for example, income tax relief in respect of one's children is no help to the poorest parents whose income is insufficient to attract tax.

I suggest that the tax system should be used only for collecting taxes, and that government assistance should not be disguised by taking the form of tax reliefs, but should be given by open subsidy.

N. Beattie,
4 Old Buildings,
Lincoln's Inn, W.C.2.

Short-service pension benefits

From Mr R. Neate.

Sir, — Correspondents have already suggested that the Chancellor's proposals to restrict the rate of build up of pension benefits for short service employees may replace the brake on job mobility that the 1985 legislation sought to remove. On the face of it those who move jobs after March 17 will be affected by the proposals but the Revenue's press release suggests it may not be as straightforward as that. The structure of the employer's pension arrangements are of relevance as well.

For instance, if he has established separate schemes for separate grades of employees, a move from one grade to another is likely to trigger the new restrictions. On the other hand, if there is one scheme for all, a change of grade will not have this effect.

One hopes careful consideration is given by the Revenue to this point. It would seem wholly unreasonable for legislation to treat one-third of existing members of occupational schemes differently from the majority. Limitations on pension build up should remain to be measured by reference to length of employment as was the case until Budget Day.

R.W. Neate,
14 Roe Lane,
Southport, Merseyside.

Letters to the Editor

The future of the European Community

From Dr R. Hudson

Sir,—Hazel Duffy's article "European regional policy—dilemmas of the great divide" (March 24), raises some important questions about the future of the European Community. Not least, it points to the paradox between increasing the size of the EEC, seen as desirable for many reasons, and at the same time increasing the magnitude of regional differences within it. For example, whereas the ratio of per capita gross regional product between the "richest" and "poorest" regions in the EEC of Nine was 1:6; it rose to 1:10 with Greece's entry to the Community and 1:12 with that of Portugal. Should Turkey eventually join, the gap would widen yet further.

Differences of this magnitude represent a qualitative rather than just a quantitative gap in levels of development. This issue of regional differentiation has been extensively covered in The Atlas of EEC Affairs, published by Methuen and prepared by David Rhind, Helen Mounsey and myself.

Such differences pose a radical challenge to those concerned to reduce regional differences within the enlarged EEC. In this context, there is perhaps a danger in Hazel Duffy's article of over-emphasising the role of formal regional policies at both EEC and national levels. Such policies represent only a small proportion of overall public expenditure. The point that needs to be emphasised is that all public expenditure has (albeit unintended) spatially differentiating effects which typically exacerbate, if not cause, regional differences.

If the political problems posed by regional differences in economic and social conditions are to be tackled seriously, then their regional consequences must become a central concern in the formulation and implementation of all public expenditure policies at both European Community and national governmental levels.

Dr R. Hudson.
University of Durham,
South Road, Durham.

Job creation and spending

From Mr T. Haran.

Sir, — The notion that jobs can be created by spending can be wrong. It is disappointing, therefore, to find Anthony Harris supporting it in "The long view" (March 28).

The position can best be illustrated by looking at investment. At present, the money supply is fully utilised and, in consequence, interest rates are high. Funds for investment (or spending) are obtained only by diverting them from their existing use. New investment then replaces old, but jobs created are offset by those lost — a current example being more in services and less in manufacturing.

The formation of new companies and the liquidation of old ones are both at or near record levels. Unemployment remains stubbornly high. Thus, investment on a large scale is already taking place and those are the results. More spending will not change them.

When the late Lord Keynes advocated public expenditure to reduce unemployment, people were expected to save for the items they wanted to buy. The money supply was underused and there were idle funds which could readily be borrowed without disturbing the low interest rates. It was the correct remedy then; it is not a remedy now.

In these circumstances, it would be tragic for the unemployed if more money were spent on a further fruitless effort, however well intentioned, to come to their aid.

The root causes of unemployment have not been properly investigated or correctly diagnosed. Consequently, far from being proposed or implemented, the actions necessary to cure unemployment quickly are not even being discussed.

T. B. Haran.
Grianan,
23, Orchard Road,
Bromley, Kent.

Developers and local authorities

From Councillor Mrs A. McVitty

Sir,—The correspondence and articles that have recently appeared in your columns on the subject of the City of London Corporation/Co-operative Insurance Society's third Mayfair application to Westminster City Council, is welcome, in that at last the seriousness of the effects upon the existing environment have been brought to public attention.

Behind all the arguments about "merit," there lie the principles governing the relationship between central and local government. The autonomy of local authorities' seems to be being undermined, to the extent that "centralised planning" is becoming the order of the day.

There are increasing instances of unwelcome precedents being created when DoE inspectors overturn local authority decisions, and "allow appeals," making it difficult to resist similar applications.

When an appeal to the DoE is "dismissed" (as happened in this case in 1985) the inspector normally gives "reasons" — which can then be used as a "planning brief" for re-application. This causes additional difficulty for the council, then faced with "the extent to which it must be bound by inspector's comments on a previous occasion," instead of being able to use a "dismissal" as grounds to resist further proposals.

In this case the possibility of costs being awarded against the council is influencing matters, and even though the Secretary of State assured me that Circular 2/87 on "costs" is intended to curb the enthusiasm of applicants who have already lost on appeal, my long experience in local government suggests that that is not the way most authorities re-act to "reasonableness"; the danger remains that many planning applications will be determined for reasons that have little to do with "planning considerations" and much to do with "fear of costs."

On being told of this "spectre" hanging over Mayfair, the Secretary of State said "that if Westminster wished to refuse this application — that is what it should do." I can only hope that this statement is born in mind whatever eventually happens.

As it is, the uncertainties surrounding this case, led more than twenty objectors to write to the Secretary of State asking him to "call in" these applications on the grounds that this renewed threat is indeed a matter where "substantial issues of more than local importance are involved." But without the request coming also from WCC (as it has been pressed to do since last October), is the Secretary of State's refusal inevitable?

Increasingly developers submit duplicate applications with the intention of submitting appeals for "non-determination" within the statutory 8 weeks on one set, leaving the authority with further uncertainty as to the status of the other set.

This device was used by the agents on February 3, but instead of the council "deferring consideration of the application until the outcome of the appeal is known": which would seem "poetic justice"? it appears that the council still has to determine the second set.

Again the Secretary of State was asked to look into this matter and consider ending this most undesirable practice, and we await his promised reply with interest.

(Councillor) Mrs A. C. Haig McVitty
Westridge Cottage,
Goldsmiths Avenue,
Crowborough, Sussex.

A cautionary tale

From Mr N. Cunningham

Sir,—What follows may be a cautionary tale.

For several months, among the heaps of junk mail arriving daily, some letters bore Spanish stamps. Pausing only to remove the stamps, these were consigned to the bucket along with the rest of the mail.

On Saturday morning I received a 'phone call. The man at the other end referred to the letters I had received. His company, he said, was in an excellent position to offer OTC trading facilities on the US markets and he would offer me the name of a company there and then which was poised to reach the top.

I reminded him of a similar — now defunct — Amsterdam operation dealing in non-existent US stocks. He knew of that, and of course disapproved.

I remarked on the Greenwood debacle, reported that very morning in the FT. He didn't know of this, but sounded concerned.

I explained that I insisted on "keeping my finger on the pulse" of any stocks I bought and how this would not be possible with US OTC stocks through his company.

He observed that I was cautious and knew what I was doing. Then he quickly excused himself and rang off.

He won't ring me again, but if I had been more gullible. . .?

Norman D. Cunningham.
8 Mill Hey Avenue,
Poulton-le-Fylde, Lancs.

Laird static despite sharp rise from sealing systems

AFTER SIX years of rising profits, Laird Group suffered a setback in 1986 with the pre-tax figure falling slightly to £28.19m, against £28.98m. However, Sir Ian Morrow, chairman, said it had been a year of substantial development, including the acquisition of important new businesses.

There was a sharp improvement in profits from sealing systems, but it was insufficient to make up for lower results in the other three divisions, service industries, specialist engineering and transport systems.

Turnover fell from £374.99m to £363.1m, and after a higher tax charge of £9.95m (£9.36m), because of increased overseas profits, earnings per share came out at 23p (24.9p). Sir Ian said that with the company developing as planned, the board was recommending an increased final dividend of 4.1p (3.6p) for a total of 7p (6p).

Sealing systems saw trading profit improve to £21.43m (£13.78m) on turnover of £141.37m (£100.38m). Sir Ian said the improvement was largely due to a further increase in car body seals made possible by new capacity in the Draftex companies in France and Germany.

The setback in services industries, where profits were down £4.21m (£6.24m) on turnover of £91.33m (£95.18m), was blamed on Almac Plastics, US distribution and fabrication business. Distribution margins were squeezed and production orders fell.

Specialist engineering profits fell from £3.79m to £399,000. Cable Belt suffered a loss as demand fell for the second successive year. However, Sir Ian said that Fullarton Fabrication had moved ahead decisively.

New York Twist Drill continued to suffer difficult trading and the group's investment had been written down to a more realistic level. A debit of £10.16m was taken as an extraordinary, including the write-down of £9.7m.

There was a fall in transport profits of £2.13m to £2.42m, due in particular to shortage of orders from Metro-Cammell.

During the year £26.6m was spent on acquisitions, which contributed turnover of £7.2m and trading profits of £1m.

● comment

There was little reason for the market to feel that this small drop in pre-tax profits was so unexpected as to deserve a 15p drop in Laird's share price to 305p. However, the divisional gains and falls were much sharper than forecasts. It will take 18 months to have both train orders and the car industry related Draftex products firing together. The former has £250m worth of contracts in the bag for 1988; the latter has scored a £3m translation gain this time due to the strong D-mark and even though it may meet more competition in the future or suffer from the adverse impact of currencies, still has a good hold on its market. The problem area remains specialist engineering. Cable Belt literally has no orders and the book value of New York Twist Drill (acquired for £22m in 1980) has been heavily written down—possibly to encourage would-be purchasers that he asking price may not be too demanding. If Laird makes £33m this year then the shares are presently trading on a multiple of 11. Even without a bid this could seem cheap later this year.

Geers Gross hit by supply problems

By Ralph Atkins

GEERS GROSS, the advertising agency, incurred a pre-tax loss of £965,000 in 1986 compared with profits of £813,000 in 1985.

The group said the major cause of the loss was a supply problem suffered by Nintendo, a Japanese electronic games company, which could not meet its orders in the US, and cut its planed advertising expenditure by two-thirds shortly before Christmas.

"We just had to take a beating," said Mr Robert Gross, chairman.

Turnover fel from £129,107 to £109,732. Earnings per share of 3.8p in 1985 became a loss per share of 9.2p.

Shares in Geers Gross fell 13p to 75p.

The group said it was also hit by a general downturn in advertising in the US, but that the UK agency had made a profit of £600,000.

Mr Gross said last year's loss did not relect a loss of accounts. Instead, the underlying strength of the US agency, which accounts for about 66 per cent of turnover, remained intact.

He said the group has new clients, including Quaker Oats,, and new business from existing clients. It had also made a number of management changes over the year.

"For the first time we have a very strong management with one point of view and incentive in London and in New York," said Mr Gross.

However, in the UK the group lost the Access aceount, worth about £6m, and half the Rumbelows account. This, it said, would adversely affect the first half of 1987.

No final dividend is being paid, although there was an interim of 1.5p.

● comment

Geers Gross' results are abysmal. And it is not just a one off. In 1985 pre-tax profits fell b yabout £1m in what the group described as a year of "retrenchment." But it seems that no amount of management reshuffling can overcome the fundamental problems that it has. It is a small agency stretched between London and New York. While other agencies can weather downturns in the advertising industry, Geers Gross staggers from crisis to crisis. This makes it very difficult to loo kahead. However, the group says it expects to be back in profit this year and with a turnover of £110m it should be able to generate at least £1m pre-tax. On a tax charge of 30 per cent at yesterday's close of 75p this gives a prospective p/e of about 16. This is difficult to justify unless a takeover—perhaps a solution to the group's problems—is in the offing.

High Court freezes shares held by Fraser in Lonrho

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AT AN emergency High Court hearing yesterday Lonrho, the multi-national trading company, was granted an order freezing 310,000 of its shares.

The order, which will be effective until next Thursday, prevents any dealings in the shares, 250,000 of which are registered in the name of House of Fraser.

A further 30,000 are in the name of Mr Royston Webb, said to be a barrister employed by House of Fraser as a legal adviser. Three companies—SM Nominees, Square Mile Nominees, and Midland Bank (Cornhill) Nominees — each hold 10,000 shares.

Lonrho alleged that House of Fraser had given untruthful answers to questions about the number of Lonrho shares held by House of Fraser or by nominees on its behalf.

House of Fraser, which was not represented at yesterday's hearing, will be able to challenge the order on Thursday.

Mr John Beveridge, QC, for Lonrho, told Mr Justice Vinelott that it had not told House of Fraser of its intention to seek restrictions on the shares. Lonrho believed that, if it had given notice, shares might be sold, which would defeat the purpose of the court order.

The matter was urgent, Mr Beveridge said, because dividends had to be paid on the shares on Monday.

Mr Beveridge alleged that House of Fraser had "armed" a number of people with small holdings of Lonrho shares "for nuisance value" at last month's annual meeting of Lonrho, when some people had asked "rather technical and foolish questions." Lonrho had not been satisfied that they were independent shareholders.

Nor was Lonrho satisfied that answers it had received from House of Fraser had been truthful.

"Indeed, we believe they were untruthful and we don't know how many more nominee shareholdings are being kept from us," Mr Beveridge said.

Hhe said that two individuals who had been at the meeting had subsequently admitted that they had held shares as bare nominees for House of Fraser.

Mr Webb, who claimed to have held his 30,000 shares for eight months, "has not come clean," said counsel.

"We suspect that he is simply indulging in falsehoods."

Lonrho's application was made under s.216 of the 1985 Companies Act, which enables a company which has not been given information it has sought about the ownership of its shares to apply to the court for restrictions to be placed on the shares.

Section 454 of the Act imposes the restrictions, which stop the shares being transferred or voted, and prevents any rights issues or payments in respect of them.

Scrip issue by BP to help State sale

By Lucy Kellaway

BRITISH PETROLEUM yesterday announced a two-for-one scrip issue in a move designed to smooth the way for the Government's planned sale of its remaining 32 per cent stake.

The company said: "At the current share price, we believe that some lightening of the value is advisable before the Government disposes of its holding. The number of shares in issue will be increased by 3.6bn.

The lower price is intended to make the shares more attractive to private investors, whom the Government is trying to attract through its privatisation programme. In most of the recent issues, the shares have been priced at between £1 and £1.50, significantly lower than even the post-scrip price.

The scrip will come into effect after an egm on April 30. The new shares will not be entitled to the final dividend to be paid on May 7.

AGB wins funding for US deal

BY NIKKI TAIT

AGB RESEARCH, Britain's largest market research company, yesterday announced that it had secured the $42m (£26m) funding required for its move into TV audience measurement in the US.

Under the scheme, a joint venture partnership, to be called AGB Television Research, is being set up. AGB itself will contribute $8.75m in equity, giving it a 40 per cent stake in the partnership, and $1m in loan capital.

A further $13.1m is coming in equity investment from a spread of investors including Schroder UK Venture Fund, Schroder Venture Advisers, Schroder Venture Managers, Drayton Consolidated Trust, English and International Trust, Chemical Equity Associates and a subsidiary of MAI, the financial services and advertising group. MAI, where Sir Bernard Audley, AGB's chairman, is also a non-executive director, is the largest outside participant.

The remaining $19m is funded by loan capital from the Prudential Insurance Company of America.

AGB will be able to up its stake to 80 per cent prior to the creation of a US market in the joint venture's shares in either 1990, '81 or '92. But if there is any cost overrun, the British company will be required to fund this via an interest-free loan.

In the meantime, AGB receives an annual 500,000 fee for the first two years—increasing thereafter — for know-how and technical services.

The funding arrangements have been underway since last summer and AGB itself has been investing in the project—to the tune of $17m — for the past two years. As result of yesterday's deal, it will actually enjoy a net cash refund of $7.75m.

Yesterday, Mr John Napier, chief executive of AGB, said that the venture, which uses a push-button "people meter" and has the support of CBS, one of the top three US TV networks, was still on schedule for a national panel of 2,000 households by September 1987.

This will increase to 5,000 households by September 1988 when, according to Mr Napier, the joint venture should become profitable.

However, AGB is already facing fierce competition from the established TV researcher, Nielsen, and according to Bronwen Maddox at Kleinwort Grieveson, a "two-year race could be involved."

Breedon profit up to £1.5m

Breedon and Cloud Hill Lime Works, limestone quarrying and road construction group, raised pre-tax profits from £1.34m to £1.49m in the year to January 31 1987, despite a reduced turnover of £4.06m, against £4.64m.

After-tax profits increased to £1.09m (£852,184) and earnings per 25p share to 17.8p (14.03p). A final dividend of 8p makes a total of 11.25p (10p) net. A one-for-one scrip issue is also proposed.

The company said further prospects should be enhanced by the construction of the A42, which is due to start during 1987.

An EGM is to be called to change the company's name to Breedon Plc.

Blenheim pays £4m for PKD

By Philip Coggan

BLENHEIM Exhibitions Group, which joined the Unlisted Securities Market last October, has acquired for £4m PKD, which currently holds two events each year—the Harrogate Gift Fair and the British Craft Trade Fair.

The bulk of the consideration will be satisfied by the issue of 1.8m shares, of which 1.3m are being placed on behalf of the vendors.

Slightly less than 338,000 of the shares are being offered to existing shareholders, and of the rest, the company's two founders, Mr Lawrie Lewis and Mr Neville Buch, are buying 325,000 shares and 151,000 shares respectively. After the placing, Mr Lewis and Mr Buch will own slightly more than 60 per cent of the equity.

The acquisition will further slant the mix of Blenheim's profits towards the second half. Mr Stephen Halstead, chairman and managing director of PKD, is a non-executive director of Blenheim.

PKD is expected to make £450,000 pre-tax in the year to March 31.

Randsworth Trust

Pre-tax profits at Randsworth Trust rose from £26,000 to £49,000 in the six months to November 30 1986 on turnover slightly lower at £451,000 compared with £468,000. No tax was payable this time and stated earnings per share improved from 0.51p to 0.75p.

The company's new management team has considerably expanded the property base by acquisition of development projects.

The directors said these opportunities are being actively progressed, and the resulting benefits will accrue over the next 18 months.

Profits of the plant hire business have improved and the figures reflect this.

The group now has tangible assets in excess of £10m and a current development programme of £20m.

Second-half surge helps lift Johnston to £6.9m

A STRONG surge in the second six months, with excellent contributions from its three divisions, allowed Johnston Group, civil and mechanical engineer, to lift pre-tax profits from £5.55m to £6.94m in 1986—a rise of 25 per cent—on turnover of £74.8m, against £62.09m.

Mr Andrews Ferguson, group managing director, said that the proposed final dividend was to be lifted to 6p (5.25p), making a total of 9p (7.5p) for the year.

Profit by division was as follows: engineering and hydraulics, £1.21m (£1.06m) on turnover of £27.12m (£22.03m); civil engineering supplies, £3.65m (£2.03m) on turnover of £16.44m (£13.68m); and civil engineering and road maintenance, £2.08m (£2.46m) on turnover of £31.25m (£26.38m)

Mr Ferguson said that the quarrying companies benefited from strong demand in the latter part of the year while Johnston Pipes had earned satisfactory profits.

Johnston Brothers (Contractors), the group's road maintenance business, was again a major contributor to group profits, and profit from construction was also good, with worthwhile contributions from the Caribbean companies.

However, a provision had been made for legal fees over a dispute involving a sale in Grand Cayman in 1984.

Property development produced only a limited return but was expected to contribute significantly in the current year. Engineering profits also increased.

Tax accounted for £2.37m (£2.13m) and earnings per 10p share worked through at 40.96p (30.98p).

Norman Hay up 75%

Norman Hay, which is involved in electro-plating and anodising, boosted pre-tax profits by 75 per cent from £381,000 to £667,000 in 1986 on turnover up to £6.4m (£6.13m) despite its continuing policy of investment in new plant and equipment.

The directors said that the proposed final dividend was increased from 2.315p to 2.71p, making a total of 4.1475p (3.7525p) for the year.

Cost of sales amounted to £4.94m (£4.98m) and gross profit amounted to £1.47m (£1.15m). Administration costs took £744,000 (£700,000) and other operating income came to £121,000 (£152,000). Receivable interest was virtually unchanged at £107,000 (£108,000).

Tax charges took £244,000

COMPANY NEWS IN BRIEF

THEME HOLDINGS, London-based restaurant group, which was one of the first entrants on the Third Market, has sold the lease on the site of its Peppermint Park restaurant for £750,000 to Property Holding Investment Trust. After Peppermint's last night of trading tonight, the restaurant will be relocated in central London.

SCOTTISH & Newcastle Breweries has increased its long-established stake in Stakis, Scottish hotels and casino group, from 5.7 per cent to 6.88 per cent, but said that the move was supportive rather than aggressive.

AVANA GROUP: County Bank, which is advising Avana in its defence against a £276m bid from Ranks, Hovis McDougall, has liftel its stake in the company to 1.43 per cent. A little less than 2 per cent is held by directors and a further 2 per cent by the Avana pension fund. RHM took its stake to more than 30 per cent on Thursday.

Cakebread Robey receives approach

Cakebread Robey & Co, the builder and timber merchant, said yesterday that an approach has been made to major shareholders which could lead to an offer for the company.

Shares in Cakebread closed up 5p at 118p after beginning the week at 86p. A further announcement will be made as soon as practical.

In the first half of 1986, Cakebread produced a pre-tax profit of £362,000 on a turnover of £11.2m.

Ann Street raising £5m

Ann Street Brewery, the Jersey-based brewing and wholesaling concern, lifted pre-tax profits from £2.74m to £3.3m in the year to December 28 1986, and announced plans to raise about £4.8m by the issue of 597,405 redeemable convertible second preference shares.

Mr Ian Steven, chairman and managing director, said that in the short-term the funds raised would be used to repay borrowings which backed recent acquisitions and expansion. He said the proceeds would provide the group with greater flexibility to finance further expansion and developments.

Tax charges totalled £531,000 (£434,000), after which earnings per share moved up to 58.49p (49.21p).

The propsed final dividend is 15.55p, making a total of 19.55p (17.19p).

French group buys more L. Joseph

Shares in Leopold Joseph Holdings rose 5p to 523p yesterday on news that Duménil-Leblé, French financial services group, had raised its stake in the group to 510,500 shares or 19.4 per cent.

The increase follows the purchase of Bricomin Investment's holding of 410,500 shares. Mr Jacques Leterte, a director-general of Duménil will be invited to join the board

Guinness Peat

Guinness Peat yesterday announced that following the conversion of some loan stock, Capitalcorp's holding in the merchant bank of 75.68m shares represented 26.2 per cent of its outstanding ordinary shares. Capitalcorp is a subsidiary of New Zealand investment holding company Equiticorp.

Maxiprint

The FT of April 1 incorrectly reported Maxiprint's results as being for the full year. In fact, they were for the half year.

Consld. Tern talks

Consolidated Tern, construction and property development company, said yesterday that it was involved in discussions which might lead to an injection of capital or a merger

The company's shares were suspended on the Unlisted Securities Market yesterday at 80p, pending the outcome of the discussions, giving the business a capitalisation of some £4m.

It joined the USM at the beginning of 1985 but plunged into the red in the six months to March last year, with pre-tax losses of £1.3m.

METAL CLOSURES: Suter has acquired a further 320,000 shares bringing its stake to 3.52m, or 16.67 per cent.

Japan Assets Trust

Net asset value per share at Japan Assets Trust fell from 83.2p at September 30 1986 to 79.1p at March 31 1987. At March 31, 1986 nav stood at 66.4p.

During the last six-month period, currency had been a negative component of return with sterling strengthening 4.9 per cent against the yen. Given the specialist policy of the company, the market environment has been unfavourable over the period.

However, the relative value offered by small and medium sized companies is compelling at a time when the market overall is preceived as being overvalued.

DIVIDENDS ANNOUNCED

Ann Street	15.55	—	—	19.55	17.19
Breedon Cloud Hill	8	May 22	7	11.25	10
Garnar Booth ... sec int	6.65	—	6.65	10	10
Geers Gross	nil	—	1.5	1.5	3
Norman Hay	2.71	—	2.32	4.15	3.75
Johnston Group	6	July 3	5.25	9	7.5
Laird Grp	4.1	—	3.6	7	6
Triplevest	6.41	April 30	5.38	12.98	11.07

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	177	......	a2.13	3.6	1.7	21
§180	F.P.	—	201	190	Airtours 10p	194	−2	R5.4	2.5	3.9	11
§215	F.P.	—	380	272	Barbour Index	355	−10	R4.0	3.1	1.6	29
125	65	3/4	131½	104	British Airways	126	−2	R6.0	2.4	4.5	15
§80	F.P.	—	168	150	‡Burford Group	168	+3	u1.2	3.2	1.0	43
105	F.P.	27/3	211	127	Capital Radio 10p	169	......	v5.0	1.8	4.2	11
§200	F.P.	11/5	226	211	‡Castle Comms. 5p	220	−1	R7.0	2.2	4.5	10
§110	F.P.	20/3	133	125	Dale Group 10p	125	−1	R4.5	2.6	5.1	8.8
§125	F.P.	—	137	130	‡Forward Group 5p	132	+2	U2.2	3.2	2.3	17
§70	F.P.	27/3	92	80	‡Hewetson 10p	86	−½	R2.7	2.1	4.4	14
§250	F.P.	6/4	370	315	Hobsons Publishing 5p	370	......	U6.25	2.2	2.4	24
‖	F.P.	—	£12½	£11¼	Huntingdon Int. 5p	£11⅞	−1⅛	—	—	—	30
§115	F.P.	16/4	146	128	‡JSB Electrical 20p	128	−2	L2.9	2.8	3.2	16
§120	F.P.	24/4	211	190	Mallett 5p	196	−4	u3.0	3.1	2.2	20
§114	F.P.	—	125	114	Melville Street Inv.	126	......	1.4	1.2	1.6	—
—	—	—	34	25	Do Warrants	34	......				
§95	F.P.	—	135	108	‡Misys 5p	130	+1	R2.0	3.7	2.2	16
§180	F.P.	1/5	198	180	Perpetual 10p	195	......	u2.5	4.5	1.8	19
120	F.P.	26/3	155	127	‡Prism Leisure Corp 10p	141	−3	R4.26	2.25	4.3	13
§95	F.P.	10/4	102	97	RCO 10p	100	......	L3.91	2.1	5.5	12
§20	F.P.	3/4	42	27	‡Regina Health 2p	40	+1	0.28	4.1	1.0	34
§140	F.P.	—	180	163	‡Reliance Sec. Group 5p	173	−2	b4.5	2.5	3.7	16
§100	F.P.	30/4	101	99	Renaissance Hldgs.	101	+1	—	—	—	—
—	F.P.	30/4	36½	25	Do. Warrants	36½	−½	—	—	—	—
§100	F.P.	7/4	152	120	‡Sanders & Sidney 5p	141	......	R4.26	2.0	4.2	14
210	F.P.	24/4	270	238	Scandinavian Bk. Units	252½	......	u8.0	2.5	4.5	11
§90	F.P.	3/4	101	96	Sinclair Goldsmith 10p	96	......	R2.2	2.7	3.2	11
§135	F.P.	—	177	148	‡Thornton (G.W.) 5p	175	......	L3.75	3.80	3.0	24
—	F.P.	—	273	220	‡UTC Group	263	+1	‡u14.0	—	7.5	—
130	F.P.	16/3	146	137½	Wilson Bowden 10p	140	−1	L3.4	3.0	3.4	17
§144	F.P.	—	191	170	‡Wood (J.D.) & Co. 10p	175	......	R2.5	3.6	2.0	15
§120	F.P.	—	187	145	‡Wyevale Gdn. Cen. 50p	182	......	u2.63	2.8	2.0	17

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
‖	F.P.	28/4	119	111	City Site Estates 7% Cnv. Uns. Ln. 2005/06	119	—
‖	£30	3/6	49	39	DixonsGrpNon-Int-bearing.Cv.Un.Ln(£1)	39½	—
—	F.P.	—	127p	112p	Heywood Williams Cum. Cnv. Red. Prf	126p	—
‖	F.P.	13/4	59p	13½p	Hillards 6% Cnv. Red. Prf. £1	59p	—
$100	£50	15/5	60	41½	Mid-Sussex Water 11% Red Deb 2012-16	56½	—
—	F.P.	—	100¾	100	Nationwide 10½% Bds. 7/3/88	100¾	—
—	£25	—	24½	24½	Do 3⅞% I-L Ln 2021	24½	—
$98.819	£20	11/9	24⅜	20	TR City of Lon. Tst. 10¼% Deb 2020	20⅞	—
—	F.P.	—	102	98	Town Estates 10¼% 1st Mort. Deb. 2011/16	99	—
$99.016	£25	—	25⅞	25⅛	Town Centre Secs. 10½% 1st Mort. Deb. 2021	25⅞	—

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
320	Nil	—	36pm	36pm	BPCE 5p	36pm	—
300	Nil	—	40½pm	34pm	Iceland Frozen 10p	40½pm	−1
375	Nil	8/5	56pm	38½pm	Ladbroke 10p	38½pm	−5½
36	Nil	1/5	6pm	1½pm	‡Pict Pet 'B' 5p	1½pm	—
205	Nil	8/5	40pm	14pm	Turner & Newall £1	24½pm	−5½
32	Nil	24/4	11pm	8pm	Widney 4p	9pm	−1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. I Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

RESULTS DUE NEXT WEEK

RTZ looks to industrial side to offset fall in oil prices

RIO TINTO-ZINC'S results for 1986, to be reported on Thursday, will show several signs of a tough year. Falling oil prices have compounded the effects of another poor year for base metals—the sixth in a row.

However, the company's expanding industrial side has been growing strongly, especially the speciality chemicals companies, which could well be accounted for as a separate division for the first time.

City forecasts for net attributable profits range from £200m to £240m, though figures about £225m are particularly popular.

Direct comparisons with last year's £236m will be difficult to make since CRA, RTZ's Australian arm, has changed from being a consolidated subsidiary to an associate and has altered its foreign exchange accounting policy. If the 1985 figures are re-stated to equity-account for CRA, that year's net attributable profits could be £20m or so higher than originally reported.

As much attention will probably focus on any management announcements made by Bowater Industries, the packaging and builders' merchanting supplier, next Wednesday as on the full-year figures themselves.

The company, which pulled in BTR's finance director, Mr Norman Ireland, as non-executive chairman two months ago, is expected to reveal its new chief executive, currently being sought from outside the group.

The prospect of a strengthened board, plus Mr Ireland's arrival, has helped the shares to a substantial re-rating since early-1987—and that despite the reduction in the Hanson stake from 11.7 per cent to below the disclosable level.

For 1986, £40m before tax is the widely-mooted figure, compared with last time's depressed £32.4m. The figures will probably be helped to the tune of £6m by the pension holiday, but hit by exchange movements on the Australian front.

Free of its UK paper interests, Bowater's packaging side is expected to lead the way by advancing perhaps 50 per cent at the trading level; merchanting and services could be close on its heels.

Last year was one of change for Burmah Oil it tidied up its assets, pulled out of the North Sea; and made a rights issue. Such upheaval will be barely apparent in its net income for the year, however, which is expected to be almost unchanged at £52m (£50.3m).

Nevertheless, the make-up of the figures will be radically altered, with last year's £13m profit from oil production eradicated, a much lower interest charge resulting from the rights issue, and strong advances from both Castrol and speciality chemicals.

Pre-tax profit overall could be as high as £92m (£79.6m), although the tax charge will be much higher as past tax losses have mainly been used up.

Wimpey reports on its full year to December on Thursday, and the market is expecting a strong improvement on the previous year's £46.9m.

By far the most important factor behind the advances will have been the strength of UK housing. The buoyancy of this market should have enabled Wimpey to benefit from increased prices and volumes, so compensating for the weaker parts of the business.

The construction side will have suffered from low levels of activity and tight margins, both factors reflected in John Laing's figures this week, so few are expecting any improvement here.

Overall, forecasts are in the £65m to £70m range, with leading analysts right in the middle. The figures could, however, look somewhat different if there are unforeseen write-backs or provisions.

Property developments will help Associated British Ports push pre-tax profits from £17.2m to £27m in 1986. This is after severance costs of up to £4m from restructuring and redundancies made during the year.

The group's property business, particularly in south Wales, Grimsby and Southampton, together with a healthy rental income will boost the property side of ABP, which accounts for about 30 per cent of operating profits.

But Thursday's results should also show improvement by the group's ports, reflecting efficiency savings and the increasing volume of world trade.

Queens Moat Houses' concentration on the business traveller shielded it from the drop in American tourists last summer.

Pre-tax profits of about £14.5m compared with £10.51m in 1985, are expected to be announced on Monday. The rise has been helped by a series of additions to its chain of high-quality hotels that began two years ago.

Queens' strategy is to concentrate on business travel complemented with conferences and functions. This year will benefit from contributions from the group's move into Germany and Holland.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Accord Publications	Thursday	—	—	—
Addison Consultancy	Thursday	0.7	1.4	0.8
Alexandra Workwear	Tuesday	2.2	3.7	2.7
Ash and Lacy	Tuesday	10.0	10.2	11.0
Aspen Communications	Tuesday	1.0	1.8	1.3
Associated British Ports	Thursday	1.6	3.4	2.0
Atlantic Computers	Thursday	0.6	1.7	1.1
Beauford Group	Monday	0.9	1.7	1.0
Biochemanics International	Thursday	—	—	—
Boosey and Hawkes	Thursday	—	—	—
Bowater	Wednesday	3.7	6.5	4.0
Brammer	Monday	4.5	8.0	4.5
British Alcan Aluminium	Monday	—	—	—
British Dredging	Wednesday	1.0	2.0	1.0
Brixton Estates	Wednesday	2.3	3.3	2.6
Burmah Oil	Thursday	4.5	8.2	4.5
Cannon Street Invest.	Monday	—	1.5	1.5
Caparo Industries	Monday	0.7	0.9	0.7
Clarke, T.	Tuesday	0.7	1.6	0.7
Connells Estate Agents	Thursday	1.0	3.2	2.0
Cowells	Tuesday	—	1.5	1.0
Dinkie Heel	Friday	0.2	0.2	0.2
Edinburgh Oil and Gas	Monday	—	—	—
Edmond Holdings	Thursday	—	0.2	0.1
Erith PLC	Wednesday	1.1	2.2	1.3
F and C Pacific Inv. Trust	Thursday	0.6	0.9	1.0
Finlay Packaging	Wednesday	0.7	2.5	0.7
Fitch and Co Design	Tuesday	2.0	4.1	2.2
Folkes Group	Thursday	0.3	1.0	0.3
Friendly Hotels	Thursday	—	—	—
French Connection	Tuesday	5.8	0.7	0.5
Frost Group	Thursday	1.7	3.5	1.7
Hall Matthew	Thursday	2.0	2.5	2.5
Hammerson Property Invest.	Wednesday	1.5	3.0	1.7
Hammerson UK Properties	Thursday	2.0	7.5	2.0
Higgs and Hill	Thursday	—	—	—
Helical Bar	Wednesday	5.0	8.6	5.5
Hollis	Tuesday	—	—	—
Home Counties Newspapers	Tuesday	1.5	5.5	3.2
Hunting Petroleum	Monday	2.5	8.5	3.5
Jerome S. and Sons	Wednesday	0.8	2.1	—
Kalone Group	Thursday	—	—	0.5
Kleinwort Benson Sterling	Tuesday	—	4.9	—
Laidlaw Group	Thursday	1.1	1.4	1.1
Lamont Holdings	Wednesday	1.2	3.3	1.5
Lec Refridgeration	Thursday	4.0	8.5	4.0
Metsec	Tuesday	—	1.3	1.3
Miller Stanley	Monday	0.5	0.6	0.5
More O'Ferrall	Tuesday	1.0	3.0	1.3
Non Court Trust	Tuesday	4.1	10.1	4.7
President Entertainments	Thursday	0.7	1.3	0.7
Queens Moat Houses	Monday	0.6	0.7	0.7
Reabrook Holdings	Thursday	0.8	1.7	0.9
Renwick	Monday	—	—	—
Richards (Leicester)	Monday	0.5	1.1	0.8
Riley Leisure	Tuesday	1.0	—	—
Rio-Tinto Zinc	Thursday	7.0	15.0	7.0
Ruberoid	Thursday	2.2	6.4	2.4
Simon Engineering	Thursday	2.5	6.0	2.7
Spirax-Sarco Engineering	Thursday	1.5	3.8	1.5
Tharsis	Monday	2.0	8.0	2.0
Thurgar Bardex	Monday	0.2	0.4	0.6
Travis and Arnold	Monday	1.0	3.2	1.1
Watts Blake Bearne and Co	Monday	1.5	3.1	1.6
Wayne Kerr	Thursday	0.5	1.0	0.6
Wimpey George	Thursday	0.8	2.9	1.0
INTERIM DIVIDENDS				
Adwest Group	Tuesday	1.7	6.8	
Beckman A	Thursday	1.9	3.8	
Dowding and Mills	Thursday	0.6	1.0	
Intnl. Investment Trust Co of Jersey	Friday	—	8.0	
Kent, John	Wednesday	0.5	1.2	
Klark Teknik	Tuesday	0.4	0.7	
North British Canadian Invest.	Monday	2.0	4.8	
Raine Industries	Thursday	0.2	0.6	
Ulster TV	Friday	1.5	1.7	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

[illegible] الأصل

UK COMPANY NEWS

ISSUE NEWS

Orchid aims to bloom with £27m USM debut

BY PHILIP COGGAN

A CALIFORNIAN software house with a South Vietnamese chairman and an Iranian finance director has chosen London's Unlisted Securities Market as its stock market home.

Orchid Technology is joining the USM in a placing which values the company at slightly less than £27m.

Orchid's first attempt to come to the market wilted in January when the flotation was postponed only minutes before a Press conference due to announce the launch because of what Phillips & Drew described as "technical reasons."

The broker now says that the issue was delayed because of a distinct lack of enthusiasm among institutional investors.

Now with a lick of paint in the form of a profit forecast of \$6.5m (£4m) for the current year — up from \$1.78m last year — and after a more intense marketing campaign, Orchid is placing 4.245m shares of no par value, 16.7 per cent of the enlarged equity, at 106p each.

The group supplies add-on boards for IBM and IBM-compatible personal computers designed to improve performance factors like memory and speed. Proceeds of the issue will be used to finance the expansion of working capital and to enable the group to make acquisitions.

Orchid says it chose the USM because of its desire to expand overseas sales and because of the lower issuing costs in London.

An extra international flavour is added by Mr Le Bui, the chairman, who left South Vietnam in 1969, his brother-in-law, Mr Tu Duong, who left for the US just before the fall of Saigon, and Mr Saiid Shahabi, the finance director, who left Iran in 1979 to work for Coopers & Lybrand in the US.

Waterglade is valued at £31m

BY RICHARD TOMKINS

Waterglade International, property developer specialising in shopping and office schemes in Britain and Europe, is coming to the stock market through a placing which will value it at £30.6m.

Brown Shipley, merchant bank, is placing 5m shares, 23 per cent of the enlarged equity, at 140p a share. Nearly £4.5m of the proceeds will go to the company, while the two co-founders, Mr Michael Miskin and Mr Ronald Nathan, will receive £1m each.

Waterglade has been formed to consolidate the property development and investment interests of Mr Miskin and Mr Nathan. Its origins go back to 1973, and specialising in Continental developments. The emphasis began to shift towards the UK when domestic market conditions improved in 1977.

At the moment the group is involved in six developments totalling 400,000 sq ft, with an estimated completed sale value of about £50m. The most important is The Waterglade Centre in Ealing, West London, a two-storey shopping centre

The profits record shows losses in three of the last five years, which the group attributes to the timing of project completions during a period when its activities were running at a modest level.

For the year ending March 31 1987, however, it estimates pre-tax profits of at least £3m, against £1.1m last time. On that basis, the shares are being sold at 11.5 times estimated earnings.

The stockbroker to the issue is Hoare Govett.

Nash and Reliant management changes

BY NIKKI TAIT

MANAGEMENT changes are underway at **Reliant Motor** and **Nash Industries** — two publicly-quoted companies where Mr John Nash is chairman and holds sizeable stakes.

After 10 years as managing director of Reliant, the Staffordshire sportscar and three-wheeler maker, Mr Richie Spencer is leaving to join GKN. Mr Spencer — who joined the USM-quoted company from Sunderland Shipbuilders — is replaced by Mr Cyril Burton, previously commercial and export director of Reliant.

Mr Spencer has also resigned from the board of Nash Industries, where he was a non-executive director. Nash Industries originally owned a controlling stake in Reliant, but demerged the company on to the USM in 1981.

Mr John Nash still holds around 50 per cent of the shares; the company reported a reduced loss of £171,000 before tax in 1985/86, with profitable future trading forecast.

Meanwhile, Nash Industries announced that Mr David Newton, the stockbroker who two years ago reversed Dean Park Hotels into Martin-Black and then sold the company to Queens Moat Houses, is to become chief executive.

At an extraordinary meeting, the necessary approval for the company's £5.1m rights issue was granted. The money will go towards expansion on the packaging side and a new investment subsidiary, taking strategic holdings in companies moving towards stock market flotation.

Triplevest

Triplevest, an investment trust, lifted net asset value from £12.94 to £17.18 at year end February 28 1987. Net revenue before tax totalled £4.47m (£3.93m).

The proposed final dividend is lifted to 6.41p (5.38p), making a total of 12.98p (11.07p).

APPOINTMENTS

Joining Hill Samuel board

HILL SAMUEL AND CO has made the following board appointments: Mr Paul Aynsley, Mr Sid Campkin, Mr Alan Clark, Mr John Doerr, Mr Andrian Fitzgerald, Mr Jehangir Jawanmardi, Mr Brian McNamara, Mr Richard Parris, Mr Henry Reid, Mr Rob Stansbury and Mr Philip Williams. Mr Philip Beavan, Mr Richard Cawdron and Mr Leonard Johnson have been appointed directors of Hill Samuel Investment Management.

★

Mr D. W. Johnson has succeeded Mr J. L. Hough as chairman of ALWEN HOUGH JOHNSON, and Mr A. S. Fox, Mr P. Moir, Mr D. H. E. Price, Mr A. E. Reeder and Mr G. A. Wenman become executive directors. Mr Hough remains chairman of the holding company.

★

Mr K. W. Ketteringham has been appointed chairman and chief executive of CHESSMINSTER GROUP. Mr I. McCubbin has been appointed finance director and company secretary, Mr R. Smith has been made managing director, and Mr S. Ozturk and Mr D. Stokes non-executive directors of Chessminster Limited.

★

Mr Roy Dantzic has joined the board of BRITISH NUCLEAR FUELS becoming a part-time, non-executive director. He is a director of Wood Mackenzie and Co and holds a number of other directorships. Since 1962 he has worked for a number of financial institutions, including Samuel Montagu and Co where he was an executive director until joining the British National Oil in 1980, as managing director finance and planning. Mr Dantzic was finance director of Britoil from 1982 to 1984 and has been a non-executive director of the CEGB since June 1984. He will leave the CEGB when he joins BNFL.

★

Mr William H. M. deGelsey, deputy chairman, ORION ROYAL BANK, will be based in Tokyo from April 1.

★

Mr G. T. E. Priestley has joined the board of REDLAND. He has been with Redland since 1982 when it acquired Cawoods Holdings and is now chief executive of the fuel distribution businesses.

★

Mr James K. Anderson becomes a partner in BAILLIE GIFFORD & CO, Edinburgh, on April 6 with responsibility for the management of investment in Europe.

★

Mr Barry Burman has been appointed a director of BREDERO PROPERTIES. He has joined from the construction division of Trafalgar House where he was a director of Trollope & Colls City.

★

SUN LIFE ASSURANCE SOCIETY has made appointments to the boards of two of its subsidiary companies. New executive directors of Sun Life Trust Management are Mr S. D. Mathieson (finance), Mr N. C. Wells (sales) and Mr P. C. Morris (unit trust dealing). Mr Mathieson also becomes executive director (finance) of Sun Life Portfolio Counselling Services of which Miss J. J. Heaven is appointed executive director (investment counselling). These appointments are from April 1.

★

Mr Kenneth A. Part has been appointed to the board of ATKINS BROTHERS (HOSIERY). He has been managing director of the Cartner Group since 1975. Cartner is the principal company in Atkins' electronics and moving signs business.

★

Mr Colin J. Millington, 48, who joined Newport, Shropshire, valve manufacturer SERCK AUDCO VALVES as an apprentice at the age of 14, has been appointed managing director. He succeeds Mr Robert Beeston who has been appointed president of BTR Valve Group responsible for BTR Valve companies worldwide. Prior to this appointment Mr Millington was director UK and Europe sales, marketing and technical. Mr Geoffrey A. Thompson, export director, has taken over as sales director.

★

Following the resignation of Mr Norman Parker due to ill health, Mr Tom Dodd has been appointed managing director of High Wycombe-based HENDERSON SECURITY, retaining his post as joint managing director of the Henderson Group.

★

Mr Peter Sedgwick and Mr David Salisbury have been appointed chairman and chief executive, respectively, of SCHRODER CAPITAL MANAGEMENT INTERNATIONAL INC. and Mr R. R. Foulkes has been appointed executive vice president. At the same time, Mr John Ager and Ms Sharon Haugh have been appointed to the board, and Ms Haugh is also appointed senior vice president and Mr G. D. L. Ralston, first vice president.

★

The BLACKWELL RETAIL GROUP is appointing a new retail chief executive. From April 6, Mr Tony Stafford, founder of Olympus Sports and most recently transformer of the Richards fashion chain, joins the group with responsibility for the day-to-day management of all aspects of retail bookselling.

★

Mr Ken Escott has been appointed to the board of CROWN HOUSE ENGINEERING. Mr Jim Carr, Mr Tony Davies, Mr Charles Findlay, Mr Brian Giles and Mr Roger Port have been appointed associate directors.

★

Mr R. S. G. Johnston has been appointed an associate director of C. E. HEATH (AVIATION).

ECONOMIC DIARY

TODAY: EEC Foreign Ministers have informal meeting near Antwerp (until April 5).

TOMORROW: TUC visits Moscow. President Reagan visits Ottawa. Swiss vote on military spending referendums.

MONDAY: Credit business (February). Retail sales (February-final). European Parliament in session in Strasbourg (until April 10). Mr Mikhail Gorbachev, Soviet leader, starts three-day visit to Czechoslovakia. President Herzog becomes first Israeli head of state to visit West Germany (until April 10). Egyptian elections. AUEW national committee meets in Eastbourne (until April 10). Liberal SDP Alliance launches health policy in London.

TUESDAY: EEC Internal Market Council meets in Luxemburg. Mrs Margaret Thatcher, Prime Minister, attends Institute of Economic Affairs dinner at Grosvenor House Hotel, London. Mr Kenneth Clarke, Employment Minister, speaks at Industrial Society conference at Tara Hotel, London.

WEDNESDAY: Financial Times holds conference "Technology in the securities market—the next five years" at Hotel Inter-Continental, London. Rolls-Royce privatisation pathfinder prospectus published. Philips annual meeting.

THURSDAY: Provisional figure of vehicle production (May). Detailed analysis of employment, unemployment, earnings, prices and other indicators (April). Sir Geoffrey Howe, Foreign Secretary, visits Washington (until April 10). Aims of Industry statement on Labour's nationalisation policies at Hilton Hotel, London. Volkswagen supervisory board meets to examine losses due to currency scandal and to approve 1986 results.

FRIDAY: Tax and price index (March). Finished steel consumption and stock changes (fourth quarter—final). Usable steel production (March). Retail prices index (March). Quarterly analysis of bank advances (mid-February). Mr Kenneth Baker, Education Secretary, to address Secondary Heads Association annual conference in Nottingham. Brazil to meet bank advisory committee on debt in New York.

F.T.-ACTUARIES SHARE INDICES

QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at March 31, 1987 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)		Market capitalisation as at Mar. 31, 1987 (£m.)	% of all share index	Market capitalisation as at Dec. 31, 1986 (£m.) †	% of all share index †	Market capitalisation as at Dec. 31, 1986 (£m.)	% of all share index
1	CAPITAL GOODS GROUP	(207)	62,025.9	16.94	49,810.6	16.56	49,810.6	16.52
2	Building Materials	(27)	12,194.0	3.32	9,672.8	3.22	9,672.8	3.21
3	Contracting, Construction	(30)	5,559.7	1.52	4,428.9	1.47	4,289.9	1.47
4	Electricals	(12)	1,816.8	0.50	1,536.3	0.51	1,563.3	0.51
5	Electronics	(36)	15,181.3	4.15	12,252.9	4.07	12,252.9	4.06
6	Mechanical Engineering	(59)	10,394.3	2.84	8,509.3	2.83	8,509.3	2.82
8	Metals and Metal Forming	(7)	1,913.6	0.52	1,439.9	0.48	1,439.9	0.48
9	Motors	(16)	4,230.2	1.16	3,442.5	1.14	3,442.5	1.14
10	Other Industrial Materials	(20)	10,736.0	2.93	8,528.0	2.84	8,528.0	2.83
21	CONSUMER GROUP	(188)	117,673.2	32.14	95,006.8	31.58	102,325.5	33.95
22	Brewers and Distillers	(22)	16,013.5	4.37	14,117.9	4.69	14,117.9	4.69
25	Food Manufacturing	(26)	17,025.5	4.65	14,027.6	4.66	14,027.6	4.65
26	Food Retailing	(16)	12,789.1	3.49	10,491.5	3.49	10,491.5	3.48
27	Health and Household Products	(10)	23,610.5	6.45	17,457.3	5.80	17,457.3	5.79
29	Leisure	(32)	9,276.9	2.53	6,776.7	2.25	6,776.7	2.25
31	Packaging and Paper	(15)	3,623.9	0.99	2,902.6	0.97	2,902.6	0.96
32	Publishing and Printing	(14)	6,205.1	1.69	4,790.7	1.59	4,790.7	1.59
34	Stores	(37)	24,267.7	6.64	20,741.1	6.90	20,741.1	6.88
35	Textiles	(16)	4,861.0	1.33	3,701.4	1.23	3,701.4	1.23
36	Tobaccos	(—) (2)	—	—	—	—	7,318.7	2.43
40	OTHER GROUPS	(88)	67,396.4	18.41	54,986.9	18.28	48,216.1	16.00
41	Agencies	(17)	5,376.4	1.47	4,059.0	1.35	—	—
42	Chemicals	(21)	13,769.2	3.76	11,309.6	3.76	11,253.1	3.73
43	Conglomerates	(12)	10,594.7	2.89	9,230.5	3.07	—	—
44	Office Equipment	(—) (4)	—	—	—	—	1,446.3	0.48
45	Shipping and Transport	(11)	5,353.8	1.46	3,237.3	1.08	3,841.8	1.28
47	Telephone Networks	(2)	18,882.2	5.16	16,323.0	5.42	16,323.0	5.42
48	Miscellaneous	(25)	13,420.1	3.67	10,827.5	3.60	15,351.9	5.09
49	INDUSTRIAL GROUP	(483)	247,095.5	67.49	199,804.3	66.42	200,352.2	66.47
51	Oil and Gas	(17)	42,763.7	11.68	34,351.8	11.42	34,351.8	11.40
59	500 SHARE INDEX		289,859.2	79.17	234,156.1	77.84	234,704.0	77.87
61	FINANCIAL GROUP	(117)	54,018.6	14.75	47,337.9	15.73	47,363.9	15.71
62	Banks	(8)	16,677.1	4.55	15,922.1	5.29	15,922.1	5.28
65	Insurance (Life)	(9)	7,495.5	2.05	6,754.9	2.24	6,754.9	2.24
66	Insurance (Composite)	(7)	8,489.6	2.31	7,263.4	2.41	7,263.4	2.41
67	Insurance Brokers	(9)	2,810.6	0.77	2,648.0	0.88	2,648.0	0.88
68	Merchant Banks	(11)	3,210.0	0.88	3,037.0	1.01	3,037.0	1.01
69	Property	(47)	10,028.0	2.74	7,930.2	2.64	8,045.8	2.67
70	Other Financial	(26)	5,307.8	1.45	3,782.3	1.26	3,692.7	1.22
71	Investment Trusts	(95)	14,846.7	4.06	13,409.5	4.46	13,409.5	4.45
81	Mining Finance	(2)	4,560.9	1.25	3,502.4	1.16	3,502.4	1.16
91	Overseas Traders	(11)	2,838.6	0.77	2,442.3	0.81	2,442.3	0.81
99	ALL-SHARE INDEX	(725)	366,124.0	100.0	300,848.2	100.0	301,422.1	100.0

† After year-end changes.

INTL. COMPANIES and FINANCE

COMMODITIES AND AGRICULTURE

Haig Simonian on the West German motor group's forex upset

Arbitrage bravado at Volkswagen

THE STATE investigators digging into the DM 480m ($263m) foreign currency fraud at Volkswagen are still keeping quiet about what they have unearthed so far. But well-informed Frankfurt bankers have already brought to light some new material about how the alleged losses at Europe's biggest car producer came about, and what VW is now doing to put its house in order.

As had been widely believed, the losses arose in VW's treasury department, which has been known as one of the most active corporate arbitrage operations in the world's foreign exchange markets for several years.

By contrast, VW's foreign exchange trading for its everyday operational purposes as a car producer had a much lower priority and was largely entrusted to a single junior dealer.

The distinction between day-to-day forex business and VW's arbitrage activities is one reason why the so-called "hedging" fraud arose.

VW has had a long-established anti-hedging strategy in its business-related foreign exchange dealings. Unlike other West German car companies, it changes day-to-day flows of money in the markets at spot rates. Bankers question the commercial wisdom of this strategy, but no one believes the wrongdoing arose here. Indeed, the dealer responsible has not been suspended.

The bulk, if not all, of VW's problems arose on the arbitrage side, where a series of eight forward exchange rate transactions with the Frankfurt branch of the National Bank of Hungary turned out to be falsified.

The first was discovered on February 18, when the bank denied all knowledge of a deal VW believed was due. The company then came upon a further seven similar transactions.

No one knows the answer to why the alleged fraud was perpetrated, but many bankers in Frankfurt are not slow to put forward suggestions.

It is hard to underestimate the confidence and bravado of VW's forex arbitrageurs, according to many reports. Perhaps buoyed by past successes, the group may have entered into a series of forward transactions which subsequently became unprofitable.

These contracts may then have been prolonged in the hope of a change in parity levels. But as the dollar progressively weakened against the D-Mark and they became increasingly unprofitable, the temptation to cover up may have become irresistible.

VW's arbitrageurs work under some controls. The forex operation had a $100m overnight limit for its arbitrage business, and a one pfenning stop-loss provision. Both are seen as reasonable—if not conservative—for an operation of its size. But no one knows precisely when these restrictions were introduced; the company may indeed have just reacted to the train of events.

Meanwhile, the company has called in outside help from several West German banks on how to re-organise its foreign exchange and treasury operations.

A three-man team from one private bank has already drawn up a report for Mr Dieter Ullsperger, VW's finance director-designate, the replacement for Mr Rolf Selowsky, who has resigned. The bank is also advising VW on how to shadow the criminal investigation being conducted by the state prosecutor's office.

Another, very large, bank has offered to second staff to run VW's foreign exchange arbitrage operation.

Just what the banks advising VW on its future foreign exchange policy have recommended is still a mystery. One definite suggestion, though, is for VW to hive-off its foreign exchange arbitrage business altogether and conduct it from outside Germany, while leaving a much more professionally-run day-to-day forex operation in its corporate headquarters at Wolfsburg.

VW has also been strongly recommended to abandon its non-hedging approach for day-to-day forex business, which bankers describe as "highly speculative." Instead, the company has been told to hedge at least some of its exposures through forward transactions or options. VW has not yet responded publicly to any of these ideas.

Skandia buys stake in UK group

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKANDIA INTERNATIONAL, the Swedish-based international reinsurance group, has bought a 29.9 per cent stake in Nevi Baltic, the UK finance company.

No financial details were released, but the stake has a market worth of some £11.5m ($18.4m).

Separately Skandia International said that it had increased its operating profits last year to SKr 316m ($49.7m) from SKr 132m in 1985.

The holding has been purchased from Nevi, the Norwegian Finance Company, which is the market leader in the Nordic region.

Nevi will keep a stake of 30.1 per cent in Nevi Baltic, which is chiefly engaged in leasing, property development and general financing.

Nevi is wholly-owned by Vesta, one of Norway's leading insurance groups, which has warned recently that it has suffered a bigger than expected cut in profits in 1986, under the impact of high interest rates, higher credit losses and last year's currency upheaval.

Nevi bought a controlling interest in Baltic in October 1985 in order to provide a stronger equity base and help fund the growth of Baltic's asset-based financing activities.

Nevi said yesterday that the introduction of Skandia International as a substantial new shareholder should bring sifinificant benefits in expanding Baltic's operations as a broadly-based financial services group.

To reflect the change of ownership Nevi Baltic is to change its name simply to Baltic, and Skandia International will receive two seats on the board.

Skandia International said yesterday that it expected a further improvement in operating results during 1987 based on improved results from its insurance operations.

Its gross premium volume rose by 5.6 per cent to SKr 9.15bn from SKr 8.666bn in 1985.

Skandia International has bought its stake in Baltic through its UK subsidiary Skandia (UK) Holdings.

It said the move was part of its strategy to diversify into financial services. "Baltic is in the market for medium-sized companies and wealthy individuals, which could give good synergy with our life company," said Mr Johannes Norrby, chief financial officer.

national agreements.

The loss on insurance operations was reduced to SKr 475m from a deficit of SKr 670m in 1985, after making a further provision of SKr 500m for possible future losses on earlier liability insurance.

The group showed investment income of SKr 898m compared with SKr 903m in 1985.

Pick 'n Pay earnings improve 14%

By Jim Jones in Johannesburg

PICK 'N PAY, the South African supermarket chain, overcame the effects of a prolonged labour dispute during the first half of its financial year and increased sales by 15.1 per cent in the 12 months to February 28 1987.

Turnover rose to R2.47bn ($823m) from R2.14bn, while pre-tax profit rose by 14 per cent to R75.3m from R66.1m.

Mr Raymond Ackerman, the chairman, said that the company emphasised sales volume rather than margins and that the year's increase has made Pick 'N Pay the country's largest supermarket group measured by turnover.

The group believes the increase in sales indicates improved consumer confidence, though sales rose at a slower rate than the 21.8 per cent increase in the consumer price index for food and the 16.3 per cent increase for all items.

Mr Ackerman said agreement had been reached with the unions on this year's wage negotiations and that increased emphasis had been placed on improving efficiency to permit wage increases.

Earnings increased to 220.1 cents a share from 181.4 cents and the year's dividend has been raised to 108 cents from 92 cents.

Exceptional costs push SEV into red

By George Graham in Paris

SEV, a subsidiary of the Valeo car components group, slid back into the red last year with a net loss of FFr 188m ($31m).

Exceptional losses of FFr 314m, including FFr 240m of social costs arising from job losses and FFr 73m of rationalisation costs, were not offset as last year by exceptional profits on asset sales.

Excluding minorities, SEV's net loss was FFr 208m, compared with a profit of FFr 29m in 1985, worse than the overall net loss because of minority interests in its profitable Brazilian subsidiaries.

Turnover rose 2 per cent to FFr 5.2bn, and operating profits were raised by 11 per cent to FFr 278m. Debt servicing costs were also reduced to FFr 133m from FFr 210m in 1985.

SEV said the exceptional losses were due to the acceleration of the restructuring it had undertaken, but these measures would have to be continued since its operations had not yet all been set back on their feet.

The losses have halved SEV's capital base to FFr 164m, with debt remaining stable at FFr 1.12bn as a result of advances made to it by its parent companies.

French insurer boosted by FFr 500m capital gain

BY OUR PARIS STAFF

GROUPE VICTOIRE, the insurance company which forms parts of France's Suez group, raised its profits by 75 per cent last year to FFr 799m ($128.5m).

Abeille Paix Igard, the Victoire group's car and accident insurance arm and the main subsidiary, made more than FFr 500m of capital gains on investments, besides improving operating earnings by 30 per cent to FFr 240m

Despite a doubling of its tax burden the Igard operation raised its net profit by 129 per cent to FFr 563m and is increasing the dividend paid to its parent by FFr 10m to FFr 50m.

Car insurance policies increased in number, but more competitive pricing meant the volume of premium income remained stable. French car insurers are facing the general problem of a slowdown in the rate at which accidents have been diminishing over recent years, coinciding with a surge in the cost of motor repairs.

The life assurance arm, Abeille Paix Vie, increased net premium income by 35 per cent to FFr 4.43bn and ended with net earnings up 19 per cent to FFr 147m.

The group's reinsurance operations kept profits stable at FFr 89m, despite a doubled tax charge. Mr Philippe Chareyre, Groupe Victoire's chairman, said the result was satisfactory and showed that the reinsurance business was back on its feet.

Mr Chareyre said the group consolidated turnover, including overseas subsidiaries, was expected to have risen by 16 per cent in 1986 to FFr 13.7bn.

Bekaert to increase dividend

BEKAERT, the Belgian wire-rope maker, is steeping up its dividend for 1986 despite a modest setback to the year's earnings, writes our Financial Staff.

On reduced sales, Bekaert has turned in net profits of BFr 2.56bn ($67.9m)—a decline of 12 per cent on the BFr 2.92bn notched up during 1985.

The company says that lower prices and a drop in exports led to substantially less favourable results over the second half of last year.

However, Bekaert describes the outcome as satisfactory in the light of currency fluctuations and the consequent strains on turnover.

As a result, the directors plan to raise the dividend to BFr 220 a share from BFr 205.

Union Carbide gets go-ahead for Duffour bid

By Our Paris Staff

UNION CARBIDE has received permission from the French authorities to go ahead with its bid for Duffour et Igon, the industrial gases producer, and has launched an offer of FFr 2,100 a share.

The offer caught investors by surprise, since it represents a premium of 145 per cent over the price at which Duffour's shares were suspended in January, when Union Carbide first announced its intention to bid for the company. The size of the premium is expected to rule out any possibility of a counter-bid.

The bid values Duffour at FFr 280m ($46.2m). The Toulouse-based gases group has said it expects its 1986 results to show a drop of 20 to 30 per cent from last year's FFr 16m, excluding minorities. Sales for 1985 came to FFr 320m.

Duffour's financial performance has deteriorated in recent years. Net income for the six months to June 30 1986 was 35 per cent down on the previous first half's FFrf 4.4m.

The main shareholders in Duffour are IRDI Midi-Pyrenees, with 20 per cent, and the Spanish group Sociedad Espanola de Carburos Metalicos, with 15.6 per cent, which together took over in 1984 took over the stake previously held by Pechiney.

● BSN, the French food and beverage group, has taken a controlling stake in Mantovano, the Italian pasta producer, making it the second largest producer of pasta in Italy.

Canadian Tire keeps options open

BY ROBERT GIBBENS IN MONTREAL

THREE MEMBERS of the Billes family who hold voting control of Canadian Tire, the big merchandiser, have kept open the possibility of considering new offers to replace one from its franchise dealers earlier blocked by the courts.

CTC Dealer Holdings, representing 348 Canadian Tire dealers said the Billes would not extend a deal under which they accepted C$30m (US$23m) cash in exchange for agreement not to consider other offers. Under that deal the non-repayable C$30m was to be applied against a final price of C$278m the dealers offered for control. The deal exired on Tuesday.

Lawyers for the dealer group said refusal for an extension means the Billes can consider other offers even if the courts on appeal find the dealers' offer can proceed.

The dealers are challenging an Ontario Supreme Court decision which blocked their offer on the grounds that it ignored the non-voting shareholders holding 95 per cent of Canadian Tire's total equity. The dealers had structured their bid to void a Canadian Tire by-law allowing the non-voting shareholders to participate in a takeover under certain circumstances.

The dealers have now extended their offer for 49 per cent of the voting shares to May 11, when they expect to know whether they can appeal the court decision. However speculation persists that the dealers may be working with partners to make a bid for both the voting and the non-voting shares of Canadian Tire.

Several major companies have shown interest in buying control of Canadian Tire.

Sweden proposes greater banking freedom

BY SARA WEBB IN STOCKHOLM

THE SWEDISH finance ministry is proposing to allow greater freedom in the banking sector, whereby banks could be owned by holding companies, and could in turn own stock broking firms. Both relationships have been forbidden hitherto.

The proposal for temporary legislation, which would take effect from July 1, also suggests that finance companies owned by Swedish banks should be allowed to operate under broadly the same conditions as other finance companies.

The proposals follow a revolutionary—at least by Swedish standards—attempt by Proventus, the investment company, to set up a new banking and financial services group under a holding company called Gota.

This was structured so that the holding company would control Gotabanken, the country's fourth largest publicly-quoted bank, a regional bank called Wermlandsbanken, and several brokerages and finance companies.

The finance ministry proposes that such a holding company structure should be subject to the same regulations as ordinary banks, chiefly to prevent the holding company from removing capital from the bank and exposing deposits.

In the past, banks have been allowed to run in-house stock broking operations, but have not been permitted to own a separate stock brokerage. The ministry's willingness now to let banks own stock brokers results from its recognition of the tougher competition in the financial business area.

The ministry also suggests that bank-owned finance companies should be allowed to operate under the same conditions as other finance companies. This would, for example, allow them to lend to private customers.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1445/465	+55	$1335/1355	$1495/1515	$1150/1170
Antimony					
Free Market 99.6%	$2300/2350	—	$2700/2750	$2720/2780	$2250/2380
Copper-Cash Grade A	£896.5	—64.5	£984.75	£1026.5	£862.25
3 months Grade A	£873.5	—32	£1003.25	£1059.25	£873.5
Gold per oz	$419	+2.25	$343.75	$439.375	$327.5
Lead Cash	£297.25	—15.25	£249.25	£376.5	£233.5
3 months	£295.5	—7.5	£257.75	£337.5	£241.25
Nickel					
Free market	171/191c	+2	181/201c	196/215c	158/177c
Palladium	$129.00	+0.50	$112.00	$151.00	$95.25
Platinum per oz	$558.25	+4.75	$423.50	$673.75	$542.50
Quicksilver (76 lbs)	$210/230	+10	$230/240	$250/260	$115/12
Silver per oz	394.05p	+22.95	378.00p	452.10p	317.70p
3 months per oz	403.70p	+23.50	388.00p	466.20p	325.60
Tin					
Free market	£4,320/280	+15	‡	£5900/6250	£3,420/450
Tungsten Ind	$47.08	—	$55.61	$59.74	$41.44
Wolfram (22.04 lb)	$49/54	+1.5	$48/56	$56/65	$32/42
Zinc cash	£460.5	—3.75	£436.5	£532.5	£409
3 months	£459.5	—2.25	£445.5	£521.75	£419.25
Producers	$7790	—	$650/670	$920	$650/670
GRAINS					
Barley Futures Sept	£99.50	+0.75	£99.05	£118.60	£96.56
Maize French	£142.75	+0.25	£140.50	£154.00	£130.00
WHEAT Futures July	£125.05	+2.05	£125.40	£123.00	£98.30
SPICES					
Cloves	$3,200	—	$4800	$4,850	$3,200
Pepper white	$4,900	—75	$5500	$6,400	$4,600
black	$4,200	—200	$3950	$4,800	$3,600
OILS					
Coconut (Philippines)	$405x	+15	$317.5	$470	$200
Palm Malayan	$330y	—	$262.5	$405	$197
SEEDS					
Copra (Philippines)	$275	+25	$190	$300	$140
Soyabeans (U.S.)	$142y	—	‡	$229.8	$133.5
OTHER COMMODITIES					
Cocoa Futures July	£1325.5	—4	£1417.5	£1,804.5	£1,264.5
Coffee Futures July	£1246	—45	£2441	£3,007.5	£1,264.5
Cotton Outlook A Index	62.85c	+0.1	60.20c	67.20c	36.35c
Gas Oil Fut. May	$142.25	+2.75	$127	$232.75	$90.75
Jute LJA BWC grade	$300	—	$290	$325	$215
Rubber kilo	61p	+1	57.75p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$173x	—5	$204	$222.5	$115
Tea (quality) kilo	‡	—	‡	202p	170p
(low med) kilo	78p	—7	‡	136p	78p
Wooltops 64s Super	470p kilo	+27	416p Kilo	470p kilo	387p kilo

‡ Unquoted. (q) Madagascar. (y) May. (x) April-May. (z) March-April.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	875-7	+5.5	888/886
3 months	807.5-8	—8	818/808

Official closing (am): 887.5-8 (875-6), three months 816-7 (8-8-9), settlement 888 (876). Final Kerb close: 806-8.

Turnover: 20,875 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	896-7	—22	915/896
3 months	873-4	—10	882/875

Official closing (am): Cash 908-9 (938-9), three months 880.5-1 (891-2), settlement 909 (939). Final Kerb close: 273-4.

Standard			
Cash	858-63	—1.5	870
3 months	866-8	—5	—

Official closing (am): Cash 870-1 (873-5), three months 859-62 (871-3), settlement 871 (875). US Producer prices 66.5-70 cents per lb.

Total turnover: 32,250 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	297-7.5	—5.25	298.5/297.5
3 months	295-6	—1	296/295

Official closing (am): Cash 298-8.5 (303-3.5), three months 296-6.5 (298.5-9), settlement 298.5 (303.5). Final Kerb close: 296.5-7.

Turnover: 5,275 tonnes. US Spot: 24-26 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2346-50	—3	2350
3 months	2361-5	—4.5	2350/2355

Official closing (am): Cash 2355-60 (2354-60), three months 2370-2 (2374-5), settlement 2360 (2360). Final Kerb close: 2367-70.

Turnover: 456 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	460-1	—9.5	462/461
3 months	459-60	—7.75	464/460.5

Official closing (am): Cash 462-3 (471-2), three months 461-1.5 (468-9), settlement 463 (472). Final Kerb close: 461-2.

Turnover: 7,975 tonnes. US Prime Western: 24-26 cents per lb.

TIN

KUALA LUMPUR TIN MARKET: Close 16.66 (16.60) ringgit per kg. Unchanged.

GOLD

Gold fell $1¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $418¾-$419¼. The metal opened at $419½-$420 which proved to be the best level of the day and eased in quiet trading to touch a low of $418-418½. The weaker trend was most pronounced during the morning as professionals sold gold to square positions ahead of the weekend.

GOLD BULLION (fine ounce)	April 3	
Close	$418¾-419¼	(£259¼-259¾)
Opening	$419½-420	(£261-261½)
M'n'g fix	$418.65	(£260,354)
Aft'n'n fix	$418.70	(£259,209)

GOLD AND PLATINUM COINS		
Am Eagle	$426-429	(£264-265¾)
Mapleleaf	$431-434	(£267-269)
Kr'g'r'nd	$432-435	(£261½-265¼)
½ Krug	$220-221	(£136¼-137)
¼ Krug	$111½-112½	(£69-69¾)
Angel	$427-430	(£264½-266½)
1/10 Angel	$43-46	(£26¾-29¾)
New Sov	$100-101	(£62-62½)
Old Sov	$100-101½	(£62-63¾)
$ 20 Eagle	$510-560	(£316-345)
Noble Plat	$575-583	(£356¼-361¼)

SILVER

Silver was fixed 1.5p an ounce lower for spot delivery in the London bullion market yesterday at 394.05p. US cent equivalent of the fixing levels were: spot 635.25c, up 5.35c; three-month 645.55c, up 5.45c; six-month 655.9c, up 6c; and 12-month 677.2c, up 6.95c. The metal opened at 397½-399p (639-641c) and closed at 395-396½p (638-640c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	394.05p	—1.55	394p	—3.5
3 months	403.70p	—1.55	404p	—3.5
6 months	412.75p	—1.40	—	—
12 months	430.85p	—1.05	—	—

LME—Turnover: 1 (11) lots of 10,000 ounces.

Cash high/low 393p; three months final kerb 402-4p.

INDICES

REUTERS

Apr. 3	Apr. 2	M'th ago	Year ago
1537.9	1542.8	1556.7	1828.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 1	Mar. 31	M'th ago	Year ago
Spot	115.04	115.40	—	129.79
Fut	114.23	114.10	—	128.62

(Base: September 18 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or —	Business done
June	115.1-115.5	—0.45	115.8-115.0
August	111.5-111.8	—0.20	112.0-111.7
October	112.2-112.8	—0.10	112.5
Dec	115.5-118.0	+0.25	—
Feb	119.0-120.8	+0.50	—
April	118.5-122.0	+0.25	—

Sales: 195 (123) lots of 20 tonnes.

COFFEE

Robustas eased on trade selling, reports Drexel Burnham Lambert. After opening steadier on light short-covering, afternoon trade selling eroded scale-down support.

COFFEE	Yesterday close	+ or —	Business Done
May	1240-1244	—9.0	1260-1235
July	1246-1247	—18.0	1276-1248
Sept	1261-1265	—7.0	1290-1260
Nov	1283-1295	—5.0	1311-1285
Jan	1303-1305	—7.0	1335-1305
Mar	1310-1325	—20.0	1356-1330
May	1300-1400	—10.0	—

Sales: 3,167 (4,718) lots of 5 tonnes. ICO indicator prices (US cents per pound) for April 2: Comp. daily 1979 97.17 (96.01); 15-day average 99.38 (98.69).

COCOA

After trading unchanged during the morning, futures eased on currency considerations late in the day. At the lower levels both producers and consumers were reluctant to re-enter the market and no physical interest was apparent, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
May	1296-1297	—8.0	1308-1296
July	1325-1326	—8.0	1335-1324
Sept	1344-1345	—8.0	1356-1346
Dec	1373-1374	—4.0	1379-1371
March	1397-1398	—1.5	1401-1397
May	1416-1418	—1.5	1422-1418
July	1436-1437	—3.0	1441-1458

Sales: 3,053 (3,613) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for April 3: 1581.11 (1584.96): 10-day average for April 6: 1577.75 (1578.39).

POTATOES

With the last trading day for April only a week away and the uncovered position still at 1,650 at the start of business, nervous short-covering in April and switching to May was seen as the April/May spread narrowed from £19.60 the previous night to close at £14.80. Volume was generally poor with uncertainty as to the final outcome in both April and May positions. Distant April was firm early in the day but profit-taking at the end of a busy week weakened values, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Apr	168.60	161.00	169.50-162.50
May	183.40	180.50	184.00-180.50
Nov	95.00	95.50	96.00-95.00
Feb	103.80	105.30	—
Apr	136.80	136.30	138.20-136.50

Sales: 1,214 (1,201) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $173.00 (£107.50), up $2.00 (unchanged) a tonne for April-May delivery. White sugar $192.00, up $2.00.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
May	154.2-154.4	152.6-152.8	155.4-153.0
Aug	157.8-158.0	157.2-157.8	159.4-157.9
Oct	161.4-162.2	160.8-161.2	163.4-161.0
Dec	164.4-167.0	162.0-164.0	—
Mar	169.8-170.0	167.6-168.4	171.0-170.0
May	172.8-174.0	171.4-175.0	175.00
Aug	175.0-177.8	175.0-176.4	—

Sales: 2,226 (1,201) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £212.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 2: Daily price 6.61 (6.65); 15-day average 7.15 (7.23).

PARIS—(FFr per tonne): May 1163/1164, Aug 1184/1185, Oct 1215/1220, Dec 1240/1255, March 1265/1277, May 1300/1315.

FREIGHT FUTURES

Futures gained up to 13 points in the morning on expectations of a firmer BFI. The index rose 11 points with reports of Gulf/Japan fixing at $17.50. Levels on the futures reflected the physica's moving ahead in the afternoon and reached the highs before meeting light profit-taking, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	1070	1070/1060	1046/1048
July	941/945	946/934	925
Oct.	982/985	986/975	962
Jan.	965/970	965/960	960/965
Apr.	975/980	975/968	960/980
July	810	980	800
Oct.	930	—	900
Jan.	860	—	850
BFI.	1026	—	1014

Turnover: 344 (566).

RUBBER

PHYSICALS — The market opened about unchanged, met considerable selling throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): Spot 61.00p (60 75p): May 62.25p (same); June 61.75p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 227.5 (228.0); SMR 20 195.0 (195.5).

FUTURES—Index 594, May 590-605, June 590-605, July/Sept 590-605. Sales: Nil.

GRAINS

Old crop wheat eased sharply, reaching 50p down in early trading, reflecting weaker country values in response to the EEC decision to release another 300,000 tonnes of intervention feed wheat, but then steadied on merchant short-covering. New crops firmed on trade buying on both wheat and barley, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
	£ per tonne		£ per tonne	
May	122.35	—	114.60	—0.25
July	125.05	+0.05	—	—
Sep.	101.20	—	99.80	—
Nov.	103.40	+0.10	102.40	+0.10
Jan.	106.25	—0.25	104.95	+0.05
Mar.	108.70	+0.10	107.25	—
May.	111.25	+0.05	109.30	—

Business done—Wheat: May 122.50-1.85, July 125.10-4.50, Sept untraded, Nov 103.40, Jan 106.25-6.15, March 108.70, May 111.35-1.20. Sales 270 lots of 100 tonnes. Barley: May 114.80, Sept untraded, Nov 102.40, Jan 104.90, March 107.25, May untraded. Sales: 23 lots of 100 tonnes.

US MARKETS

DESPITE TRADE buying, gold futures fell as the dollar strengthened, prompting profit-taking and long-liquidation, reports Drexel Burnham Lambert. Both silver and platinum were dominated by local trading as the markets lacked definite direction. Copper futures traded around Tuesday's closing levels as traders took stock of recent action and despite fund-type selling. Crude oil eased in light volume as speculators liquidated longs. Origin selling in the face of roaster price-fix buying eased coffee futures. Commission house liquidation in sugar futures eased prices initially before trade support prompted short-covering to take prices back to the highs where origin-type trade selling brought prices back to mid-range. Following a bullish planting intention report, heavy commission house short-covering in the face of trade selling steadied cotton futures. Commercial and speculative buying in soyabean futures reflected reports showing reduced estimates for planting, which provided support for maize futures as well. Wheat futures eased, however, reflecting final resolution of old crop trading. Cattle futures rallied to new contract highs reflecting rising cash prices as packers have become aggressive buyers in the physical market.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	61.25	61.50	61.25	61.25
June	60.25	60.50	—	—
July	59.60	59.60	—	—
Sept	57.65	57.75	—	—
Dec	57.15	57.25	—	—
Jan	57.15	57.25	—	—
March	57.15	57.25	—	—
May	57.15	57.25	—	—
July	57.15	57.25	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1929	1922	1931	1918
July	1951	1951	1963	1947
Sept	1984	1975	1986	1972
Dec	2012	2003	2014	—
March	2042	2037	—	—
May	2062	2057	—	—

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
May	101.00	199.28	102.00	100.15
July	102.93	101.90	104.00	102.50
Sept	105.35	104.33	106.40	104.70
Dec	108.50	106.73	109.50	107.50
March	110.50	109.00	110.50	109.25
May	111.75	110.50	112.00	112.00
July	113.90	113.01	114.00	113.50
Sept	113.45	114.00	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
May	62.40	62.30	62.50	61.90
June	62.20	62.10	—	—
July	62.00	61.90	62.10	61.50
Sept	62.25	62.05	62.30	61.85
Dec	62.55	62.40	62.65	62.20
Jan	62.70	62.60	—	—
March	63.05	62.95	63.30	62.70
May	63.45	63.35	63.55	63.40
July	63.85	63.75	64.00	63.65
Sept	64.25	64.15	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
May	56.54	57.94	58.15	56.44
July	55.46	56.53	56.65	55.36
Oct	55.45	56.20	56.20	55.30
Dec	55.38	55.63	55.88	55.20
March	56.50	56.80	56.50	56.15
May	56.80	56.95	56.80	56.80
July	57.35	57.55	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	Prev	High	Low
May	18.90	18.78	18.92	18.82
June	18.57	18.48	18.58	18.51
July	18.33	18.27	18.35	18.27
Aug	18.17	18.14	18.22	18.15
Sept	18.08	18.05	18.10	18.06
Oct	18.06	18.01	18.07	18.01
Dec	18.09	17.99	18.10	18.05
Jan	18.07	17.99	18.07	18.07
Feb	18.10	17.99	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
April	418.0	419.0	422.2	415.4
May	419.8	420.0	—	—
June	422.2	422.5	426.6	418.5
Aug	426.9	427.2	431.6	423.1
Oct	431.3	431.6	435.5	429.5
Dec	435.7	436.0	440.0	433.5
Feb	469.7	469.0	—	—
June	449.4	448.7	452.5	452.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	Prev	High	Low
May	49.80	49.42	—	49.60
June	49.15	48.92	49.50	48.95
July	49.50	48.77	49.40	48.70
Aug	49.30	49.12	49.56	49.10
Sept	50.00	49.82	50.25	50.00
Nov	51.50	51.37	51.70	51.70

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
May	132.10	131.25	132.20	130.50
July	130.30	129.90	130.50	129.00
Sept	127.90	127.00	127.90	126.90
March	123.60	123.40	—	—
May	123.60	123.40	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
April	557.0	560.0	559.0	551.[illegible]
July	563.5	565.8	574.8	556.[illegible]
Oct	561.0	569.8	579.0	561.[illegible]
April	579.0	578.5	579.0	579.[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
April	632.0	626.3	641.0	[illegible]
May	637.0	630.0	643.0	632.[illegible]
June	639.2	633.8	—	[illegible]
July	647.0	637.2	661.0	[illegible]
Sept	655.0	644.6	667.5	[illegible]
Dec	665.0	655.1	681.0	[illegible]
Jan	665.0	658.8	664.0	[illegible]
March	672.0	665.7	685.0	[illegible]
May	679.7	673.3	693.5	[illegible]
July	687.8	681.3	702.0	[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
May	6.79	6.74	6.85	[illegible]
July	6.94	6.92	7.00	[illegible]
Sept	7.00	6.99	7.20	[illegible]
Oct	7.14	7.11	7.21	[illegible]
Jan	7.28	7.25	7.30	[illegible]
March	7.54	7.44	7.59	[illegible]
May	7.66	7.58	—	[illegible]
July	7.84	7.80	7.84	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
April	68.22	68.02	68.45	[illegible]
June	64.45	64.57	64.75	[illegible]
Aug	60.17	60.27	60.50	[illegible]
Oct	59.35	59.57	59.70	[illegible]
Dec	59.45	59.56	59.70	[illegible]
Feb	59.00	59.00	59.30	[illegible]
April	60.00	60.10	60.25	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
April	48.87	48.32	49.07	[illegible]
June	47.92	48.32	48.80	[illegible]
July	46.15	46.12	47.07	[illegible]
Aug	43.30	43.40	44.05	[illegible]
Oct	39.05	39.20	39.65	[illegible]
Feb	38.82	38.55	39.20	[illegible]
April	36.72	36.80	37.10	[illegible]
June	38.55	38.62	38.75	[illegible]

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
May	158.4	161.4	160.4	[illegible]
July	162.2	165.0	164.0	[illegible]
Sept	167.0	168.6	168.4	[illegible]
Dec	174.4	175.6	176.2	[illegible]
March	181.4	182.4	183.0	[illegible]
May	183.4	184.6	185.2	[illegible]
July	185.4	186.0	186.2	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	65.37	66.97	67.92	[illegible]
July	64.20	65.15	65.00	[illegible]
Aug	61.37	62.17	62.85	[illegible]
Feb	54.87	55.22	55.90	[illegible]
March	54.65	54.45	54.65	—
May	52.15	51.00	52.15	—

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	497.6	498.6	499.6	[illegible]
July	498.8	500.6	500.6	[illegible]
Aug	498.4	500.4	500.4	[illegible]
Sept	492.4	493.4	494.0	[illegible]
Nov	493.4	494.2	494.2	[illegible]
Jan	499.4	501.2	501.0	[illegible]
March	507.0	509.0	507.0	[illegible]
May	511.0	514.0	511.0	[illegible]
July	511.0	514.0	511.0	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	144.8	144.5	145.1	[illegible]
July	144.2	143.8	144.5	[illegible]
Aug	144.3	143.8	144.6	[illegible]
Sept	144.3	143.9	144.7	[illegible]
Oct	144.5	144.0	144.7	[illegible]
Dec	145.7	144.5	146.0	[illegible]
Jan	145.2	145.2	145.5	[illegible]
March	147.5	147.0	147.5	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	15.41	15.53	15.60	[illegible]
July	15.76	15.84	15.93	[illegible]
Aug	15.91	16.08	16.07	[illegible]
Sept	16.07	16.24	16.23	[illegible]
Oct	16.20	16.33	16.35	[illegible]
Dec	16.50	16.64	16.65	[illegible]
Jan	16.52	16.65	16.66	[illegible]
March	16.85	16.85	16.75	[illegible]

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	278.4	278.0	279.4	[illegible]
July	266.0	266.6	267.2	[illegible]
Sept	266.4	267.4	268.0	[illegible]
Dec	272.0	273.4	273.4	[illegible]
March	271.2	273.0	273.0	[illegible]
May	267.0	268.4	—	—

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion [illegible] (628.0) cents per troy ounce. New York tin 315-8 (315-7) cents per pound.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.57p per kg lw (—3). GB—Sheep 261.18p per kg estdcw (+41.19). GB—Pigs 79.46p per kg lw (+1.27).

FUTURES—Pigs: April 100.50, May 100.70, sales 16.

OIL

Brent prices inched upwards in very thin trade. May WTI was unchanged at $18.91 on Nymex and traded at the same level at 1.30pm EST. In the petroleum products market gasoline continued to firm on buying interest from West Germany and from refiners. Gas oil and naphtha were stable in a quiet relaxed market. Fuel oil remained tight—Petroleum Argus, London.

	Latest	Change + —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	
Arab Heavy	—	
Dubai	17.05-17.15*	—.025
Brent Blend	18.60-18.65	—.125
W.T.I. (1pm est)	18.90-18.95*	—.305
Forcados (Nigeria)	—	
Urals (cif NWE)	—	
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	203-205	.5
Gas Oil	148-150	-
Heavy fuel Oil	110-111	-
Naphtha	170-172	.5

* May Petroleum Argus estimate.

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or —	Business done
Apr	150.50	+1.25	150/48.75
May	149.25	+1.25	149/47.50
June	148.50	+0.50	149/47.50
July	147.75	+0.75	147
Aug	148.50	+0.75	146

Turnover: 2,170 (2,150) lots 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or —	Business Done
Apr	—	—	
May	98.00	—	
June	—	—	

WORLD STOCK MARKETS

WALL STREET

Record 69.89 one session advance

STOCKS SCORED their biggest one session gain ever on Wall Street yesterday, climbing to a record in extremely active trading. A strong Bond market, triggering arbitrage related buy programmes and drawing many short sellers in to even up positions, propelled stocks sharply higher.

The Dow Jones Industrial Average shot ahead 69.89 to a record close of 2390.34 and up 54.54 on the week. Six sessions ago, on March 26, the market reached its previous record of 2372.59 before going into a two session tailspin that landed it 94 points lower at the close on Monday.

The NYSE All Common index, at $170.20, rose $3.44 on the week. Advancing issues led declines by a 10-to-three margin as volume jumped to 215m (183m).

"This was a startling performance in a week that began with a nervous selloff and growing anxiety about inflation, interest rates and trade friction," Alan Ackerman of Gruntal and Co said.

"The market revealed its fears for one flashing moment at the beginning of this week and investors learned what they should be cautious about," Monte Gordon of Dreyfus said.

Traders said a lot of investors, seeing the nervousness of the market earlier in the week were betting for further declines yesterday.

"The only logical conclusion for gains like this," Kidder's Thomas Ryan said, "is that pension funds of major American institutions decided that the market did so well in the first quarter that they can't afford to be out of the market."

Time, which presented a bullish scenario of its growth prospects to analysts, were lifted $8¼ to $92¼ in active trading.

IBM regained $1½ to $149½, Digital Equipment rose $4¼ to $169¼, Honeywell $3 to $73¼, Hewlett Packard $2¼ to $58½ and Cray $3¼ to $134¾.

Pharmaceuticals posted big gains, propelled by expectations that first-quarter earnings due in a few weeks will be sharply higher. Squibb advanced 7¼ to $156, Merck $5¼ to $162, Bristol Myers $5¼ to $106 and Upjohn $5 to $128.

THE AMERICAN SE Market Value index rose 5.22 to 340.46, for a gain of 2.35 on the week.

Advances led declines 415-to-205 in a volume of 15.35m (14.40m) shares.

CANADA

Stocks soared higher in very heavy trading to reach another record high close, capping a two day rally that erased a 67-point downturn on Monday.

The Toronto Composite index climbed 62.90 to 3847.00. Oil and Gas moved up 71.6 to 4070.6 and Golds jumped 255.4 to 8571.2.

Foreign investor interest continued to bolster the market.

Base metal producer Noranda gained $1 to $31¼ — 56 miners trapped underground by a fire at its Murdochville copper mine were rescued safely. Damage was estimated at $10m.

Northern Telecom surged $3¾ to $59¾ — it expected 1987 profit to exceed last year's results in each quarter.

TOKYO

Shares rose to their second straight record close in heavy trade as the yen stabilised against the dollar and Japanese investors withdrew money from US bond holdings to reinvest in Tokyo stocks.

The Nikkei Dow market average finished 43.13 up at 22,410.85 after 22,531.49, while Thursday's average soared 327.54 to a record closing high. Advances led declines by four-to-three in a turnover of 1.4bn (1.7bn) shares.

Brokers said shares were bought across a broad array of sectors on positive domestic news.

Communications, Warehouses, Rubbers, Retailers, some Financials, Oils, Pulp/Papers, Construction, Services, Trading companies, Fisheries and non-Ferrous Metals firmed.

News that Prime Minister Nakasone may compromise on a proposed Value Added Tax, or delay its enforcement, boosted Retail and Trading houses' shares.

Reports that the Government is also working on an initiative to speed up domestic spending bolstered shares related to the expansion of Japan's economy.

But Japanese investor switching from US bonds to Tokyo stocks as the yen rises pushed the index higher.

Nippon Telegraph and Telephone firmed on news that foreigners may be allowed, for the first time, to buy its shares when a second tranche of as many as 1.95m shares is floated towards the end of the year.

SINGAPORE

Again higher in moderate trading. The market still lacked fresh factors, however, but some local and overseas investors were purchasing selective issues.

The Straits Times Industrial index rose 15.98 to 1,075.18. Volume 25.0m (17.2m) units.

United Motor Works, up 1½ cents at 82 cents, led the actives on 3.3m shares, while Tan Chong Motors rose 3 cents to 52½ cents on 1.6m units and Sime Darby gained 5 cents to $2.76 on 1.1m units.

HONG KONG

Sharply lower under pressure from moderate institutional selling as bearish sentiment spread.

The Hang Seng index lost 29.42 to 2,679.99 and the Hong Kong index fell 17.44 to 1,724.50. Turnover HK$696.12m, against HK$772m.

Brokers said the controversy over the issuance of shares with proportionally higher voting rights will continue to overshadow the market until Cheung Kong, off 75 cents at HK$41.75, Hutchison, down HK$2 at HK$51, and Jardine Matheson, up 10 cents at HK$22.50, announce whether they will withdraw plans to issue "B" shares.

AUSTRALIA

Keen demand for leading Minings and Industrials pushed the Australian share market to record levels in busy trade.

Brokers said a feature of the market was continued strong interest in leading Mines, keenly sought by European investors overnight.

The all ordinaries index rose 24.7 to 1,721.5, passing Monday's record 1,712.1, the All Industrials 24.1 to 2,582.5, a record, the All Resources 25.0 to 1,065.8, the Gold index 65.6 to a record 2,915.3 and Metals and Minerals 36.0 to 985.1.

National turnover 187.5m shares worth $A343.3m, with rises outnumbering falls almost five-to-three.

CSR were heavily traded, climbing 3 cents to A$4.25 on 6.6m shares—this included a special sale of 6m shares at A$4.30 each by broker County Securities.

GERMANY

Mixed with some demand from domestic investors towards the end of the session.

Dealers said foreigners took profits at the start of trading in reaction to this week's steep gains, and a more than one pfennig drop in the value of the dollar. But bargain hunting towards the end sent share prices up again.

Expectations company earnings will remain strong this year underpinned generally favourable sentiment. The Commerzbank index of 60 leading shares, calculated at midsession, eased 9.3 to 1,835.3.

AEG held unchanged at DM 319.50, unaffected by news it will co-operate with INTEL Corp of the US on the development of automation systems.

PARIS

French shares firmed toward the close in active trade, buoyed by foreign buying. Gains outnumbered declines by seven-to-four.

Avions Dassault moved up to Frs 1,320 on reports the State was planning to sell part of its 46 per cent stake

SWITZERLAND

Domestic stocks firmer following high turnover on strong domestic buying. Foreign investors were generally cautious.

All sectors generally saw higher prices, but gains of major banks, led by the Credit Suisse Bearer, up Frs 40 at 3,200, were narrowly restricted.

NEW YORK

CANADA

NEW YORK INDICES

NEW YORK ACTIVE STOCKS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

CURRENCIES & MONEY

FOREIGN EXCHANGES

Sterling gains ground

THE POUND improved in currency markets yesterday. Sentiment improved ahead of the weekend, following suggestions that further upward movement was now possible, following Thursday's clarification by Mr Nigel Lawson of an earlier statement which had been seen as suggesting a limit to the pound's movement. In addition there were strong rumours that two opinion polls due out over the weekend would show the Conservative Party as strong contenders to win the next general election. There was generally a reluctance to run short on sterling over the weekend and as a result its exchange rate index finished at 71.9 up from 71.5 at the opening and 71.4 on Thursday.

Against the dollar it rose to $1.6140 from $1.6030 and DM 2.9350 compared with DM 2.9225. It was slightly weaker against the yen at Y235.25 from Y235.50 but rose elsewhere to FFr 9.7650 from FFr 9.7250 and SFr 2.4425 compared with SFr 2.44.

The dollar eased against the D-mark, following inconclusive US unemployment figures but met resistance at the lower levels and recovered towards the close. The firmer trend was continued in New York after the close of business in London. US unemployment fell to 6.6 per cent from 6.7 per cent but non-farm payroll employment rose by less than expected.

The dollar closed at DM 1.8180 from DM 1.8215 and Y145.70 compared with Y146.70. Elsewhere it slipped to SFr 1.5140 from SFr 1.5195 and FFr 6.05 from FFr 6.06. On Bank of England figures, the dollar's exchange rate index fell to 101.4 from 102.1.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7870. March average 1.8355. Exchange rate index 147.0 against 141.9 six months ago.

There was little overall change in currency rates in Frankfurt yesterday. The dollar closed at DM 1.8155 compared with an opening level of DM 1.8140 but was down from Thursday's close of DM 1.8265. Earlier in the day it had been fixed at DM 1.8162 from DM 1.8270.

Despite the dollar's continuing bearish trend, there was little incentive to enter the weekend with anything but square positions because there were too many unknown factors likely to influence the market.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 148.0. March average 151.41. Exchange rate index 218.8 against 216.2 six months ago.

Trading ahead of the weekend centred around the dollar's bearish trend. The US unit closed at Y146.05 down from Y146.40 in New York and Y147.05 in Tokyo on Thursday. There was little incentive to take out fresh positions ahead of the weekend and next week's expected meeting of the G-7 nations. Trading in Tokyo finished before the release of US unemployment data and this was another factor behind the market's subdued tone.

£ IN NEW YORK

Apr 3	Latest	Previous Close
£ Spot	1.6115-1.6125	1.6065-1.6070
1 month	0.51-0.48 pm	0.46-0.45 pm
3 months	1.30-1.26 pm	1.31-1.28 pm
12 months	4.25-4.15 pm	4.21-4.11 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6030-1.6160	1.6135-1.6145	0.47-0.44 c pm	3.38	1.32-1.27 pm	3.21
Canada	2.1095-2.1137	2.1105-2.1115	0.54-0.44 c pm	2.79	1.46-1.30 pm	2.36
Neth'lands	3.28½-3.31¼	3.30¼-3.31¼	1¼-1 c pm	4.08	3¼-3½ pm	4.38
Belgium	60.20-60.75	60.55-60.65	17-10 c pm	2.67	45-35 dis	2.64
Denmark	11.00¼-11.07¼	11.06¼-11.07¼	1⅝-2⅜ ore dis	-2.17	5⅝-6⅛ ore dis	-2.21
Ireland	1.0890-1.0995	1.0965-1.0975	0.27-0.38 p dis	-3.56	0.65-0.90 dis	-2.83
W. Germany	2.91-2.94	2.93-2.94	1⅝-1¼ pf pm	6.13	4½-4 pm	5.79

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

MONEY MARKETS

Rates little changed

INTEREST RATES showed little change in the London money market yesterday. Dealers noted sterling's firmer trend but there was still some uncertainty following a possible escalation in the trade dispute with Japan and recent comments by Mr Nigel Lawson, Chancellor of the Exchequer, which suggested that sterling had little room for further upward potential.

Three-month interbank money was quoted at 10-9⅞ per cent, unchanged from Thursday. Weekend money opened at 10-9⅞ per cent and eased to around 7 per cent at the finish.

The Bank of England forecast a shortage of around £700m with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £546m and the unwinding of previous sale and repurchase agreements a further £76m. In addition banks brought forward balances £105m below target and there was a rise in the note circulation of £310m. These were partly offset by Exchequer transactions which added £340m.

UK clearing bank base lending rate 10 per cent since March 18-19

The forecast was revised to a shortage of around £750m and the Bank gave assistance of £170m through outright purchases of £72m of eligible bank bills in band 2 and 9$\frac{15}{16}$ per cent, £52m in band 3 at 9¾ per cent and £46m in band 4 at 9$\frac{11}{16}$ per cent.

Once again the forecast was revised, this time to a shortage of around £800m before taking into account the early help and the Bank gave additional assistance of £347m through outright purchases of £20m of eligible bank bills in band 1 at 9⅞ per cent, £254m in band 2 at 9$\frac{13}{16}$ per cent, £66m in band 3 at 9¾ per cent and £7m in band 4 at 9$\frac{11}{16}$ per cent.

Late help came to £205m, making a total of £722m.

The average rate of discount fell by 0.2038 per cent to 9.5195 per cent at the weekly Treasury bill tender and the £100m of bills on offer attracted bids of £327m although this was down from £372m the previous week. The minimum accepted bid was £97.625 met as to about 81 per cent and above in full compared with £97.67 at 27 per cent the previous week and all bills offered were allotted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Brussels the Belgian central bank cut its short term Treasury bill rates. The rate on one, two and three-month certificates was lowered by 0.1 per cent to 7.3 per cent. This was the second cut in two weeks and a spokesman for the central bank claimed that the reduction was merely to bring official rates into line with market rates.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 3) 3 months U.S. dollars		6 months U.S. dollars	
bid 6½	offer 6⅝	bid 6⅝	offer 6¾

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Apr. 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.65-3.75	3.80-3.90	3.80-3.95	3.85-3.95	3.85-4.00	5.0
Paris	7$\frac{13}{16}$-8	7⅞-8	7⅞-8	7⅞-8	7⅞-8	7¾
Zurich	⅞-1⅛	3¼-3¼	—	3½-3⅝	—	—
Amsterdam	5$\frac{3}{16}$-5½	5¼-5½	—	5¼-5½	—	—
Tokyo	3.78125	3.90625	—	4.03125	—	—
Milan	10½-11	10¼-10¾	—	10¼-10¾	—	—
Brussels	4.65	7$\frac{3}{16}$-7$\frac{5}{16}$	—	7$\frac{3}{16}$-7$\frac{5}{16}$	—	—
Dublin	13¼-13½	13½-13¾	13⅛-13⅜	12¾-13	11⅞-12⅛	—

LONDON MONEY RATES

Apr. 3	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10¼-7	10-9⅞	10-9⅞	10-9⅞	9$\frac{15}{16}$-9$\frac{13}{16}$	9⅞-9⅝
Sterling CDs	—	—	9$\frac{15}{16}$-9$\frac{13}{16}$	9$\frac{15}{16}$-9$\frac{13}{16}$	9$\frac{13}{16}$-9$\frac{11}{16}$	9$\frac{11}{16}$-9½
Local Authority Deposits	9⅞	9⅞	9⅞	9⅞-9⅞	9⅝	9⅝
Local Authority Bonds	—	—	10⅛	10	9⅞	9⅞
Discount M'ket Deposits	10-9¾	9⅞	9⅞	9¾	—	—
Company Deposits	10-9¾	10⅛	10⅛-10	10$\frac{1}{16}$	9$\frac{15}{16}$-9⅞	9¾
Finance House Deposits	—	—	10	10	9⅞	9⅞
Treasury Bills (Buy)	—	—	9$\frac{15}{16}$	9⅝	—	—
Bank Bills (Buy)	—	—	9⅞	9$\frac{11}{16}$	9$\frac{9}{16}$	—
Fine Trade Bills (Buy)	—	—	10$\frac{3}{16}$	10¼	9$\frac{15}{16}$	—
Dollar CDs	—	—	6.50-6.45	6.55-6.50	6.65-6.60	6.75-6.70
SDR Linked Deposits	—	—	6$\frac{3}{16}$-5$\frac{15}{16}$	6$\frac{3}{16}$-5$\frac{15}{16}$	6$\frac{3}{16}$-5$\frac{15}{16}$	6¼-6
ECU Linked Deposits	—	—	7$\frac{1}{16}$-6$\frac{13}{16}$	7$\frac{1}{16}$-6$\frac{13}{16}$	7$\frac{1}{16}$-6$\frac{13}{16}$	7$\frac{1}{16}$-6$\frac{13}{16}$

Treasury Bills (sell): one-month 9$\frac{11}{16}$ per cent; three-months 9$\frac{7}{16}$ per cent; Bank Bills (sell): one-month 9¾ per cent; three months 9$\frac{9}{16}$ per cent; Treasury Bills; Average tender rate of discount 9.5195 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent, one-three months 8 per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-12 months 8½ per cent; Under £100,000 8 per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Trade war threat depresses equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 18	May 28

* New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets took a distinctly unhappy view of the Government's threat to refuse London licenses for Japanese banks and insurance companies as a rataliatory move in the dispute over trade imbalances. After a brief rally on the back of a £200m buying programme from a major US house, the equity market headed downwards, and moved into the new trading account, the first for fiscal 1987-88, with little genuine sign of recovery.

The FT-SE ended a net 22.6 down at 1965.1, bringing the loss on the week to 83.5 points or 4 per cent. The FT ordinary index fell 21.2 to 1546.4.

Equities opened lower as the City shied away from the apparently worsening trade dispute with Japan. Market firms fear that the trade war will escalate, and that action against the Japanese banks in London could, at the very least, discourage the Japanese investment which has played a significant role in London's equity and bond sectors since Christmas.

In this context, the appearance of a US buying programme, believed to be from Salomon Bros, was a surprising but welcome development.

Equities, which had opened lower, steadied for a while. But the programme was soon completed, and prices then slid away as marketmakers marked prices down on moderate selling. Once again, much of the trading was between market dealers. "What would have happened if there had been no buying programme?" said one dealer gloomily.

Glaxo and several other international favourites were helped for a while by the buying programme but joined in the general downturn in the second half of the session.

Oil shares weakened, as London awaited Wall Street's response to President Reagan's difficulties with Congress. Imperial Chemical Industries and Jaguar led the setback among the exporting stocks to renewed strength in the sterling exchange rate index.

The market tried and managed a half-hearted rally after 3.30 pm, as it moved into the first trading account of the new fiscal year. Three new opinion polls are expected, beginning this weekend, and the City wants to see improvement in the Government's ratings following Mrs Thatcher's visit to Soviet Russia.

Government bonds proved unable to sustain the late gains of the previous session, and spent the session in minus territory. However, final net falls of ⅜ at the long end had been trimmed after the Liffe Gilt futures contract rallied.

Retail interest was thin in Gilts until the very end of the day when some domestic support was seen. A firm pound helped, but the bond market remained very nervous regarding prospects for a prolonged trade war with Japan.

A Press report suggesting that Midland would soon write off some of its substantial Latin American debt as a result of the Brazilian Government's recent refusal to pay interest charges on its overseas loans unsettled the shares which dropped to 605p at the outset before closing 13 down on balance at 608p. Other clearers also gave ground with NatWest 10 off at 578p and Barclays 5 lower at 494p. Elsewhere, Guinness Peat, at 103p, lost 4 of Thursday's gain of 6 following Equiticorp's insistence that its acquisition of Friends Provident's 24 per cent stake in GP was purely for investment purposes and that it had no aggressive intentions. Hill Samuel, meanwhile, moved up 22 more to 450p on further consideration of the increased stake taken in the merchant bank by NZI, the leading New Zealand insurance concern.

Lloyds Broker Hogg Robinson reacted to 398p at one stage on end-Account profit-taking before rallying late on persistent talk of an imminent bid from the TSB, to end a volatile session 4 dearer and 28 better on the week at 408p; TSB softened a fraction at 85½p. Composites ended the week on a distinctly dull note. A Warburg Securities' "sell" circular depressed Royals which fell 21 to 963p, while end-Account selling left General Accident 14 down at 930p and GRE 21 easier at 877p. Sun Alliance, which this week revealed excellent annual profits some £25m above the most recent optimistic forecasts at £180m, closed 4 off at 828p, after 820p.

Predictions that Guinness would reveal annual profits of between £350m and £360m when the preliminary statement is announced on the 23rd of the month made little impression. The shares followed the general market pattern and ended 6 off at 316p.

Leading Building issues sustained fairly hefty losses as interest optimism continued to fade. RMC lost 18 at 786p, while Redland fell 18 to 449p. Blue Circle, a resilient market in recent days, came back 17 to 798p, while Tarmac shed 14 to 484p. John Laing shed 18 to 486p on further reflection of the annual figures, while Costain gave up 10 more at 532p. Berkeley Group, a firm market of late reflecting a broker's favourable circular, came back 10 to 340p, but Raine Industries continued to attract support and firmed 6 afresh to 136p; the latter's interim results are due next Thursday. Cakebread Robey "A" gained 5 to 118p following a bid approach, while Heywood Williams rose 18 to 318p in response to the chairman's optimistic statement at the annual meeting.

Among Chemicals, Hickson International continued to move ahead in the wake of a broker's circular and closed 13 higher at 637p, while Marlborough Technical attracted support ahead of Tuesday's annual results and put on 9 to 214p.

Marks and Spencer were a target for sellers and after a sizeable turnover of 8.1m shares settled 6 down at 209p. Other Store leaders showed losses but volume was nearly always lower. Woolworth lost 8 to 780p and Burton 7 further to 287p. W. H. Smith "A" came back 9 to 296p but persistent bid speculation raised Ladies Pride 9 to 79½p. Debfor gained 5 more to 255p while Lloyds Chemists rose 28 to 221p ahead of Monday's interim results.

Rumours of an imminent bid from Racal continued to induce speculative support of Holmes Protection, formerly SCUSA, and the close was a further 10 higher at 194p, making a two-day advance of 29; Racal lost 3 at 225p. Atlantic Computers jumped 23 to 583p after buying in a market none-too-well supplied with stock on hopes of bumper annual profits when the company report on Thursday: the company recently appointed James Capel as its lead broker. Speculative buying lifted Automated Security 14 to 257p and D.J. Security Alarms closed 7 to the good at 155p. Scantronic rallied 20 to 220p and improvements of 8 and 10 respectively were seen in Cambridge, 280p, and CASE, 109p. Among the Electricals leader, Cable and Wireless, at 374p, continued to reflect the controversy surrounding the company's attempt to enter the Japanese telecommunications industry and gave up 2 of Thursday's rise of 11 which had greeted details of its £62m deal to help install and run a submarine optical fibre system in Malaysia.

Engineering leaders gave ground across the board and falls of 8 were common to Hawker Siddeley, 511p, and Vickers, 465p. TI lost 10 to 645p and GKN 5 to 317p. Other weak spots included Babcock International, 3 down at 192p, and Glynwed, which fell 8 to 416p. Laird Group were heavily sold and dropped 15 to 305p, after 300p, in the wake of the marginally lower preliminary profits. Elsewhere, Christy Hunt dipped 4 more to 41p on further consideration of the disappointing figures. Among a handful of firm features Crown House jumped 20 to 240p following rumours of the possible sale of a subsidiary. Westland were 6 higher at 116p after Press comment.

A drab Food sector showed Tate and Lyle 15 lower at 730p and Northern Foods 12 down at 262p. Hillsdown lost 5 at 255p and Associated British Foods 8 at 334p, while Unigate dipped 6 to 371p. On the takeover front Avana fluctuated narrowly and settled a penny dearer on balance at 305p; unwelcome bidders Ranks Hovis McDougall, which speaks just over 30 per cent of the Avana equity following market purchases in the wake of its increased offer for the company, closed 7 off at 304p. Press comment helped S. & W. Berisford firm 3 afresh to 273p, while Bernard Matthews gained 13 to 305p on takeover hopes.

Miscellaneous industrial leaders concluded a traumatic week, falling further on Japanese trade war worries. Double-figure falls were fairly commonplace with BTR 14 down at 305p and Rank Organisation 15 off at 650p. Reckitt and Colman gave up 23 to 952p after comment on the results and Glaxo lost ¼ at £14¼; the latter's interim figures are scheduled for April 13. Elsewhere, British Aerospace moved up 19 to 660p following details of the agreed £190m purchase of Royal Ordnance, the state-owned munitions business and rumours of forthcoming US orders for Airbus. Johnston Group jumped 35 to 440p following the results and Worcester soared 50 to 585p in response to an investment recommendation. A. B. Engineering added 25 at 410p with the help of call option activity, while speculative gains of 20 and 24 were recorded in Equipu, 275p, and United Packaging, 145p. "New-time" buying on takeover hopes helped Newman Industries feature with a rise of 5 to 51p, while Eagle Trust continued to reflect press comment with a fresh penny improvement to 23¼p. Wellcome, however, remained currently out of favour in the wake of recent reports regarding the side-effects of its anti-AIDS drug, retrovir, and closed a further 13 down and 30 lower on the week at 418p. A reported denial by Mr Robert Maxwell of any intention to bid for Extel once the ban on BPCC is lifted later this month left Extel 8 lower at 528p, after 525p. Consultants gave up 10 at 280p and Resimer dropped 30 at 170p.

Among travel issues, Horizon rose 30 to 194p following details of a recommended offer for the company from major shareholders Bass; the latter closed 24 lower at 867p. International Leisure were a shade firmer at 178p awaiting news of talks with an ILG management group, the purpose of which is to take the company private. Media Technology, which received a bid approach from Lee International on Thursday, gained 27 to 155p, a two-day rise of 42p. Old takeover favourite Fairline Boats picked up 13 at 263p. Among television issues, Thames came back 13 to 463p, while Scottish shed 5 to 562p awaiting Monday's annual results.

One or two recently oversold Motor Distributors moved against the overall weak tone. T. Cowie regained 13 further to 393p and Lex Service enjoyed renewed support which pushed the shares up 21 more to 412p. Still reflecting Thursday's good annual results, BSG improved to 75½p. Leading Motor issues often recorded losses and Jaguar ended 7 down at 71p while Lucas Industries fell 3 to 575p and Dowty 5 to 273p.

Regional Newspapers attracted fresh investment interest and Home Counties rose 15 to 425p. EMAP "A" furthered this week's advance to close 2 better at 193p, while BPP added 10 at 320p. The major groups, however, were less successful and both Associated, 506p, and United, 486p, lost around 6. Paper/Printing stocks also slipped back led by BPCC, down 10 at 318p, and Bunzl, 7 lower at 216p. DRG eased 5 to 413p and Bemrose 7 to 251p, but Blenheim Exhibitions improved further to 221p. Among Agencies, expansion hopes lifted Lowe Howard-Spinks 10 to 445p, but Geers Gross flopped out late on the surprise annual loss and ended 13 down at 75p.

Parkdale continued firmly on takeover hopes and closed 10 higher at 123p, a rise of 30 over the five-day period. Regalian were supported at 203p, up 10, but Shield Group encountered profit-taking and slipped 5 to 290p. Dealings in Cons Tern Investments were suspended at 80p pending the outcome of talks concerning the future structure of the company which may lead to an injection of capital and/or a merger.

Currency influences stifled interest in quality Textiles and Courtaulds drifted back 5 more to 419p. Dawson International shed 5 to 271p but Allied hardened a few pence to 318p. Leeds were underpinned by a County Securities circular which concluded that the shares were not expensive at 277p. Atkins Bros. moved up 8 late to 278p.

Fresh selling coupled with further switching into the group's 6¼ per cent Convertible Eurobond 1992 took a toll on Rothmans International which dropped 7 to 236p.

A City report that Skandia of Sweden had purchased a 29.9 per cent share stake and could follow up with a full bid failed to stem a fall in Next Baltic which closed 10 down at 170p. Argyle Trust, on the other hand, responded sharply to a bout of speculative activity and ended 27 up at 195p. Among Investment Trusts, Shareholders Far East dropped 23 to 335p and Alliance 15 to 943p.

News of the proposed two-for-one scrip issue failed to attract any substantial buying interest in BP and the shares, depressed by overall market conditions, slipped back to 897p before closing a net 4 off at 909p following a turnover of around 5m shares. British Gas, where turnover jumped smartly to 31m shares, ran back to 87½p but eventually closed ½ off at 89½p. Shell fell ¼ to £12⅛, LASMO dipped 4 to 251p and Ultramar 10 to 226p. Britoil, rumoured to have been given a buy recommendation by a US investment house, edged up 3 to 249p on a turnover of 4m shares. Elsewhere, Burmah eased 4 to 462p ahead of next Thursday's preliminary results.

Steep falls in equities directed a fair amount of attention to mining markets. South African Golds and related issues suffered from another substantial bout of profit-taking, triggered by the latest decline in bullion and selling after the good gains recorded in recent weeks.

Although by no means heavy the selling was persistent and South African Golds moved lower throughout the session to leave the Gold Mines index 17.6 off at 415.9, its third successive fall and a week's decline of 16.9.

London business in Australians increased substantially especially in golds. Central Norseman Gold eased ¼ to £10¾ but remained over £3 higher on the week following news of the proposed seven-for-one bonus issue, while Gold Mines of Kalgoorlie jumped 25 to 324p, a rise of around 86½ on the week in the wake of the four-for-one share split. Elsewhere in Golds Sons of Gwalia leapt 37 more to 600p—a week's rise of 107p.

FINANCIAL TIMES STOCK INDICES

	Apr. 3	Apr. 2	Apr. 1	Mar. 31	Mar. 30	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	89.91	89.91	90.14	90.28	89.97	91.75	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.30	97.37	97.77	97.76	97.71	96.07	97.98 (19/3/87)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,546.4	1,567.6	1,588.0	1,577.1	1,582.2	1,400.9	1,625.2 (24/3/87)	1,094.3 (14/1/86)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	415.9	433.5	445.5	455.3	438.2	290.0	455.3 (31/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.79	3.74	3.76	3.72	3.71	3.83				
Earnings Yld.%(full)	8.58	8.48	8.60	8.49	8.45	9.34				
P/E Ratio (net) (*)	14.35	†14.52	14.29	14.47	14.54	13.26				
SEAQ Bargains (5 pm)	59,197	50,718	47,598	56,166	54,984	—				
Equity Turnover (£m)	—	1,426.17	1,320.65	1,291.43	1,339.96	889.01				
Equity Bargains	—	65,966	64,046	71,707	65,760	46,029				
Shares Traded (ml)	—	—	515.7	488.5	564.1	352.4				

S.E. ACTIVITY

Indices	April 2	April 1
Gilt Edged Bargains	158.5	145.3
Equity Bargains	427.4	415.0
Equity Value	2882.7	2669.4
5-Day Average		
Gilt Edged Bargains	158.8	169.1
Equity Bargains	429.3	432.2
Equity Value	2754.9	2824.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1556.7	1561.6	1551.2	1550.7	1539.8	1537.7	1537.6	1543.5

Day's High 1562.0. Day's Low 1535.8 †corrected

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.80.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Traded Options

The quietest day of the week in the Traded Options market saw 38,078 deals done, comprising 26,662 calls and 11,416 puts. Hanson Trust featured with 3,363 calls and 1,966 puts struck.

Traditional Options

- First dealings March 13
- Last dealings April 11
- Last declaration July 9
- For Settlement July 20

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Samuelson Group, Glentree, Wheway Watson, Polly Peck, Gilbert House, Amstrad, Legiea, Riley Leisure, Capital Radio, Abaco, Cifer, Parkdale, Holmes Protection, Quest Automation, Bristol Channel Ship Repairers, A.B. Engineering, Property Trust, Munton Bros., Stormgard, Steckley, Stone International, Tricentrol, Blacks Leisure, Boustead, Hyman, Time Products, Federated Housing, Benlox, More O'Ferrall, S. Jerome and Heywood Williams. No puts were done, but a double was taken out in Parkdale.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (87)

AMERICANS (3), CANADIANS (1), BANKS (4), BREWERS (2), BUILDINGS (3), CHEMICALS (2), STORES (2), ELECTRICALS (3), ENGINEERING (1), FOODS (1), HOTELS (1), INDUSTRIALS (15), INSURANCE (1), LEISURE (2), MOTORS (1), NEWSPAPERS (4), PAPER (4), PROPERTY (7), SHIPPING (1), TEXTILES (1), TRUSTS (5), OILS (7), OVERSEAS TRADERS (2), MINES (14)

NEW LOWS (8)

AMERICANS (1) Conti. Illinois Corp., ELECTRICALS (2) Denistron Ital., INSTEM, INDUSTRIALS (2) Hille Ergonom, Huntleigh Tech., INSURANCE (1) Lincoln Nat. Corp., TRUSTS (1) Transcontinental Serv. Wrrts., THIRD MARKET (1) Allied Insce. Brokers.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Details otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Greater London Council 6¾pc 90-92 £89 ¼ ¾
Barnet Cpn 12¼pc 1987 £100¼
Birmingham Cpn 3pc 1947 (or after) £25 (31/3). 3½pc 1946 (or after) £27 (31/3)
Bristol (City) 11¾pc 2008 £113¼ (31/3)
Bristol Cpn Db (3½pc) £27½ (1/4)
Glasgow Cpn 3½pc Irrd £25
Islington Cpn 12.65pc 2007 £120 (31/3)
Kirklees Metropolitan Council 11.6pc 2031 £115 (31/3)
Leeds (City of) 13½pc 2006 £127 (30/3)
Reading Cpn 3½pc £27 (1/4)
Salford Cpn 5½pc 86-88 £93¾ 4
Sunderland (Boro of) 11¾pc 2008 £116¼ (27/3)

FOREIGN STOCKS
(coupons payable in London)

China (Rep of) 5pc Gold Bds 1925 ($100) £14½. 5pc Reorg Gold Ln 1913 £26 (27/3). 5pc Reorg Gold Ln 1913 (French) ...

Whitbread 342 (31/3). 6pc3rdPf (£1) 55. 4½pcDb 99-2004 £57½. 6¾pcDb 87-92 £83 (30/3). 7¾pcDb 89-94 £91½. 9¾pc Db 91-96 £99 (1/4). 7¾pcLn 86-91 £90¼ (31/3). Do 95-99 £82. 7½pcLn 96-2000 £88 (30/3). 10½pcLn 2000-05 £105¼. 5¼pcLn £48 57 (31/3)
Whitbread Inv 302. 6½pcDb 87-92 £86
Young 9pcPf (£1) 120⊕

COMMERCIAL, INDUSTRIAL

A—B

AAH 4.2pcPf (£1) 55½⊕
AE 8pcLn 89-94 £82⊕
AECI 5½pcPf (R2) 23 (31/3)
AGA Aktiebolag (Sk25) £SK193 (27/3)
AMEC 15pcLn 1992 £113 5 6 6 8
APV Baker 4.55pcPf (£1) 59½. 5.25pcPf (£1) 66½ 9. 7½pc1stDb 86-91 £91
Aaronson Bros 5.25pcPf (£1) 94¼ (27/3)
Admiral Computing (5p) 175 5
Adwest 6pcLn 83-88 £96 (27/3)
Aerlinte Eireann Teoranta 10½pcDb 91-96 £101¼ (27/3)
Airflow Streamlines 10pcPf (£1) 111 (31/3)

...

1986-89 £93 (1/4)
Boscombe Prop Tst 5pc1stPf (£1) 40 (30/3)
Bradford Prop 10pcPf (£1) 136⊕ 44½⊕
Brixton Ests 9.5pc 1stDb 2026 £97. 11.75pc 1stMtgDb 2018 £115 (31/3)
Capital & Counties 4.2pc Pf (£1) 54⊕. 6¼pc 1stMtgDeb 1995-2000 £78¼ (27/3). 9¼pcLn 1991-96 £98
Centrovincial Estates 6¼pcLn 1988-93 £81. 11¼pc 1stMtgDeb 2016 £112
Charlwood Alliance Holdings7½pc Ln (50p) 34¼ (31/3)
Churchbury Estates 9pc Ln 2000 £87 (1/4)
City Site Estates 7pc Ln 2005-06 £119½ 20 (30/3). 7pc Ln 2005/06(Fp/PAL 24/4/87) £118 (1/4)
Colman (E. Alec) Investments 8pc Ln 1991-96 £83 (30/3)
Craigton Combined Secs 8¼pc 1stMtg Deb 1986-91 £88 (30/3)
Estates & General Investments 4.0pc Pf (50p) 32 (1/4)
Great Portland Estates 9.5pc 1st MtgDeb 2016 £94¼ ½ (1/4)
Green Property Co Ord (Ir£0.25) 88⊕
Greycoat Group 12.85pc Ln 1990-92 £105 (1/4)
Hammerson Prop Inv & Dev Corp 506 6
Haslemere Estates 10¼pc 1st MtgDeb 1998-2003 £97 (1/4)
Land Securities PLC 6pc 1stMtgDeb 1988-1993 £87½. 7¼pc 1stMtgDeb 1991-96 £87¼. 9pc 1stMtgDeb 1996-2001 £94¼ 5. 10pc 1stMtgDeb 2025 £101¾ (1/4). 8½pcLn 1992-97 £90 1 6
London & Prov Shop Centres (Hldgs) 10pc 1stMtgDeb 2026 £101
London SCounty Free & Lease Prop 6¼pc 1stMtDb 1986-95 £81½ (27/3)
London Shop 8¼pcLn 1987-97 £87½. 10pcDb 2026 £103 (31/3)
MEPC 4½pcPf (£1) 41 (27/3). 5¼pc 1st MtgDb 1984-89 £88 (27/3). 9¾pc1st Db 1997-2002 £101¼ (27/3). 10¾pc 1stMtgDeb 2024 £111½ ¾ (31/3) 8pc Ln 2000-05 £79⊕. 8½pc Ln 1995-2000 £110½
Metropolitan Rly Surplus Lands Co 6¼pc 1stMtgDeb 1986-91 £85 (31/3). 6½pc 1stMtgDeb 1986-91 (27/4)
New London Prop 5¼pc 1stMtgDeb 1983-1990 £88½ 9 (31/3)
Peachey Prop Corp 5pcPf (£1) 44 (31/3). 6¼pc 1stMtgDeb 1983-88 £96 (31/3)
Peel Holdings 10pcPf (50p) 62 (30/3)

...

Misys (5p) 127
New England Prop 10pcLn 1990 £250 (1/4)
Parkfield Gp 7pcPf (£1) 250
Pavion Intntl 3.85pcPf (£1) 44 (30/3)
Perkins (John) Meats (10p) 42 5
Pict Petroleum B (5p) 1
Prism Leisure Corp (10p) 142 4 5
Regina Health & Beauty Products (2p) 38 9 40. New Ord (2p) 38⊕ 40⊕
Reliance Security Gp (5p) 173 4 7 8
Sanders & Sidney (5p) 140 (1/4)
Slomex Intntl (10p) 63
Swindon Private Hospital (£1) 110 (31/3)
Thornton (G. W.) Holdings (5p) 176
Wood (John D.) (10p) 172 7
Wyevale Garden Centres (50p) 178 85

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl A$3.857 (31/3)
AOG Minerals 22 A$0.53
Acmex Hldgs A$6.977 (31/3)
Acorn Securities 79
Air Express Intnl $180 (27/3)
Allstate Explns 62
Amatil 435 A$10.07 (1/4)
Amber Gold A$0.341 0.355 (31/3)
American Barrick Resources (Npv) £20⊕ £19½ ¾ ⅞ $31½
Ampol Expln 172 A$3.96
Amsterdam-Rotterdam Bank $40½ 40.8
Aust Development 195 A$4.084 (1/4)
Aust Foundation Inv 112
Aust Pacific Resources A$0.83 (1/4)
Basic Resources Int (Bahamas) 23 (27/3)
Bass Strait Oil & Gas A$0.129 (31/3)
Beach Petroleum 31⊕ (1/4)
Beverly Enterprises £10½ (1/4)
Black Hill Minerals 15⊕ 17 (27/3)
Brascan A £17.90 (1/4)
Brown-Forman Inc Class B £43.80

...

Stirling Petroleum A$0.061 0.661 (30/3)
Strategic Minerals Corp 81½
Stride Rite Corp $35½⊕ (27/3)
Sun Hung Kai 21.598 (31/3)
Swire Pacific B HK$3.8 (31/3)
Tandem Resources 65
Target Petroleum 11 (1/4)
Target Petroleum (A$0.15) 14⊕ 15⊕ (1/4)
Terrex Resources 6
Valiant Cons 30⊕ 30 A$0.707
VAM 14
Victoria Expln A$0.236 (31/3)
Vuitton (Louis) FFr 1120
Vulcan Minerals 18 A$0.372 (1/4)
Walhalla Mining A$0.239 (31/3)
Westfield Minerals 160 (1/4)
Wong Industrial Hldgs HK$2.107
Wooltru Class A A14.9 (30/3)
Zanex 11⊕ (30/3)
Zone Petroleum 4 (1/4)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B £15 1 (1/4)
Airships Inds (12½p) 32½ 35
Alliance & Leicester Bldg Soc 9¼pcBds 13/5/87 £99.821. 9½pcBds 24/6/87 £99.682 (30/3)
Amal Metal Corp 5.4pcPf 40 2 (1/4)
Anglo-Am Agric 68 72 (2/4)
Appleton (10p) 14
Avesco Warrants to sub (1p) 20 (31/3)
Barbican (1p) 2 3½
Batsford (£1) 350 (30/3)
Beaverbrook Invs (5p) 150 (27/3)
Bolton Hse Inv (5p) 65 69 71 (1/4)
Burad Intnl (10p) 3 ¼ (31/3)
Burrough (James) 351¼ (2/4)
Carraun (10p) 4 (2/7)
Channel Hotels & Props (10p) 159 (2/4)

...

Phosphor Products (1p) £245
Primesight B (£1) £44.75 45. 13½pcLn 1989 £99.75 100 (27/3)
Red Rose Radio (10p) 75 (1/4). A (Non-Vtg) (10p) 55 (2/4). Var Rate Prt Con Ln 1992 (£1) 225 (1/4)
Severn Valley Railway (£1) 225 (1/4)
Shepherd Neame A (£1) 881 5 (31/3)
Sth Quay Invs (£1) 130 (2/4)
Southern Newspapers (£1) 275½
Star Offshore Services (10p) 14 6 (27/3)
Taddale Invs (10p) 14 7 (1/4)
Thwaites (Daniel) (£1) 870 80 (2/4)
Town & Country Bldg Soc 9⅞pcBds 27/5/87 £99.786 (30/3)
UTC Trading Corpn Warr for Ord 11 ½ 2
Wadworth 9¼pcPf (£1) 103¼ (2/4)
Weetabix A (Non-Vtg) 258
Winchmore 75 7

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 90 2
Kenmare Oil Expln (Ir25p) 30½ 2
North West Expln (20p) 45 8 9 50 1 3 5

(By permission of The Stock Exchange Council)

BANK RETURN

BANKING DEPARTMENT	Wednesday April 1, 1987	Increase (+) or decrease (−) for week	
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	89,318,479	−	245,988
Bankers Deposits	967,608,339	−	43,575,162
Reserve and other Accounts	1,584,168,945	−	156,448,189
	2,655,648,763	−	200,269,339
ASSETS			
Government Securities	435,868,943	−	22,823,813
Advance and other Accounts	578,886,059	−	1,386,340,495
Premises Equipment & other Secs.	1,628,438,408	+	1,204,114,385
Notes	12,236,926	+	3,764,582
Coin	218,427	+	16,002
	2,655,648,763	−	200,269,339

ISSUE DEPARTMENT	£		£
LIABILITIES			
Notes in Circulation	12,637,763,074	+	66,235,418
Notes in Banking Department	12,236,926	+	3,764,582
	12,650,000,000	+	70,000,000
ASSETS			
Government Debt	11,015,000		—
Other Government Securities	5,348,898,746	+	2,843,382,305
Other Securities	7,290,086,154	−	2,773,382,305
	12,650,000,000	−	70,000,000

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday April 3 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs April 2 Index No.	Wed April 1 Index No.	Tues March 31 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	838.07	−1.3	7.67	3.20	16.52	2.72	848.78	843.44	855.22	742.92	880.03	25/3/87	567.56	14/1/86	880.03	25/3/87	50.71	13/12/74
2	Building Materials (27)	1026.56	−1.9	7.68	3.24	16.36	0.72	1046.40	1046.42	1065.91	830.64	1089.77	27/3/87	613.05	23/1/86	1089.77	27/3/87	44.27	11/12/74
3	Contracting, Construction (30)	1486.88	−1.3	7.30	3.42	18.75	3.07	1425.97	1420.51	1441.47	1139.80	1494.84	11/3/87	911.08	23/1/86	1494.84	11/3/87	71.48	2/12/74
4	Electricals (12)	2089.25	−0.7	7.21	3.88	17.80	2.05	2104.67	2066.69	2095.86	2087.52	2166.42	27/3/87	1530.81	2/1/86	2166.42	27/3/87	84.71	25/6/62
5	Electronics (36)	1863.54	−0.8	8.07	2.40	16.31	10.44	1879.36	1877.97	1894.70	1711.75	2013.38	3/3/87	1365.94	29/9/86	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (59)	476.21	−0.2	8.36	3.65	15.29	1.54	477.34	473.36	480.96	422.95	490.62	27/3/87	316.63	23/1/86	490.62	27/3/87	45.43	5/1/75
8	Metals and Metal Forming (7)	458.91	−1.7	7.98	3.46	15.38	0.00	466.84	468.01	468.89	352.56	475.35	27/3/87	241.87	2/1/86	475.35	27/3/87	49.65	6/1/75
9	Motors (16)	328.46	−0.5	8.57	3.31	13.53	2.63	329.95	322.14	327.62	295.57	337.55	2/3/87	206.50	14/1/86	337.55	2/3/87	19.91	6/1/75
10	Other Industrial Materials (20)	1421.44	−2.4	6.25	3.52	19.12	3.29	1456.76	1437.73	1458.46	1344.35	1499.90	27/3/87	993.49	21/1/86	1499.90	27/3/87	277.55	15/1/81
21	CONSUMER GROUP (188)	1134.61	−1.3	6.47	2.87	19.89	3.03	1149.94	1144.34	1157.10	950.77	1209.81	24/3/87	739.82	14/1/86	1209.81	24/3/87	61.41	13/12/74
22	Brewers and Distillers (22)	1039.48	−1.6	8.22	3.34	15.30	3.55	1056.13	1047.47	1058.89	936.58	1111.08	24/3/87	764.25	14/1/86	1111.08	24/3/87	69.47	13/12/74
25	Food Manufacturing (26)	863.62	−1.1	7.78	3.51	16.88	3.66	873.03	866.12	877.99	697.72	908.65	24/3/87	549.51	14/1/86	908.65	24/3/87	59.67	11/12/74
26	Food Retailing (16)	2114.72	−1.1	5.96	2.63	23.30	10.13	2138.16	2122.54	2149.61	1942.24	2220.89	24/3/87	1629.03	21/1/86	2220.89	24/3/87	54.25	11/12/74
27	Health and Household Products (10)	2182.02	−1.1	4.35	1.77	26.64	0.28	2206.39	2203.35	2229.51	1612.77	2484.02	25/2/87	1175.61	14/1/86	2484.02	25/2/87	175.38	28/5/80
29	Leisure (32)	1254.92	−0.7	6.03	3.43	21.95	8.62	1263.71	1250.54	1259.11	950.43	1287.83	27/3/87	731.17	24/1/86	1287.83	27/3/87	54.83	9/1/75
31	Packaging & Paper (15)	585.36	−1.3	5.93	2.90	21.88	2.03	593.28	587.38	595.53	459.91	618.63	27/3/87	362.52	9/1/86	618.63	27/3/87	43.46	6/1/75
32	Publishing & Printing (14)	3477.72	−1.6	5.84	3.35	22.03	5.18	3534.51	3513.75	3512.87	2405.82	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.08	6/1/75
34	Stores (37)	944.37	−1.9	6.87	2.91	19.79	1.46	962.52	962.73	974.17	931.48	1041.63	10/3/87	787.79	23/1/86	1041.63	10/3/87	52.63	6/1/75
35	Textiles (16)	690.07	−1.3	7.81	3.11	14.70	0.44	699.13	696.98	705.78	543.83	720.23	27/3/87	375.50	14/1/86	720.23	27/3/87	62.66	11/12/74
40	OTHER GROUPS (88)	968.73	−0.8	8.11	3.54	15.30	4.17	977.03	968.73	980.29	826.24	1002.22	27/3/87	696.16	21/1/86	1002.22	27/3/87	58.63	6/1/75
41	Agencies (17)	1415.73	−0.7	4.38	1.77	30.86	6.40	1425.67	1409.54	1418.38	0.0	1455.97	27/3/87	1111.16	2/1/87	1455.97	27/3/87	1111.16	2/1/87
42	Chemicals (21)	1209.87	−0.8	8.07	3.65	15.19	16.19	1218.36	1206.16	1223.53	926.37	1315.21	25/2/87	729.24	14/1/86	1315.21	25/2/87	71.28	1/12/74
43	Conglomerates (12)	1243.22	−1.6	7.05	3.55	16.78	2.13	1263.64	1264.47	1278.74	0.0	1312.54	13/3/87	1112.14	2/1/87	1312.54	13/3/87	1112.14	2/1/87
45	Shipping and Transport (13)	1959.55	−0.5	6.85	4.15	17.69	2.98	1968.87	1969.81	1988.13	1636.86	2014.75	27/3/87	1316.35	14/1/86	2014.75	27/3/87	90.80	29/6/62
47	Telephone Networks (2)	978.41	−1.1	9.56	3.94	14.27	1.89	988.90	976.76	987.31	979.92	1058.03	4/4/86	712.14	3/10/86	1058.03	4/4/86	517.92	30/11/84
48	Miscellaneous (25)	1345.87	−0.3	8.96	3.34	12.58	3.29	1349.27	1334.18	1354.88	1007.84	1387.79	27/3/87	866.26	9/1/86	1387.79	27/3/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1025.63	−1.2	7.22	3.14	17.55	3.36	1037.92	1031.46	1043.91	875.74	1078.55	24/3/87	693.89	14/1/86	1078.55	24/3/87	50.01	13/12/74
51	Oil & Gas (17)	1871.03	−0.8	8.69	4.76	14.75	35.18	1885.47	1850.80	1873.95	1165.16	1927.41	27/3/87	1093.63	20/2/86	1927.41	27/3/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1097.35	−1.1	7.44	3.38	17.06	6.14	1109.80	1100.81	1114.24	902.56	1148.72	24/3/87	727.53	14/1/86	1148.72	24/3/87	63.49	13/12/74
61	FINANCIAL GROUP (118)	682.52	−0.8	—	4.38	—	5.94	688.31	684.10	687.39	624.68	700.70	24/3/87	507.50	14/1/86	700.70	24/3/87	55.88	13/12/74
62	Banks (8)	715.59	−0.9	19.75	5.34	6.70	12.84	722.17	721.92	724.34	684.88	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	942.21	−1.3	—	4.54	—	0.66	954.86	949.44	961.81	886.63	1007.33	24/3/87	765.18	23/1/86	1007.33	24/3/87	44.88	2/1/75
66	Insurance (Composite) (7)	533.61	−1.4	—	4.71	—	5.06	541.14	535.63	532.99	519.70	571.05	2/3/87	403.56	2/1/86	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	[illegible]	−1.5	9.00	4.68	14.37	13.35	1188.69	1185.08	1194.53	1175.66	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	372.45	+0.6	—	3.46	—	0.71	370.18	359.02	365.29	374.89	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69	Property (47)	951.31	−0.3	4.84	3.14	26.96	1.64	954.09	950.85	949.46	753.28	968.20	27/3/87	635.84	23/1/86	968.20	27/3/87	56.01	20/4/65
70	Other Financial (27)	456.84	−0.7	7.23	3.40	17.61	2.35	459.84	455.16	462.65	355.41	473.64	27/3/87	287.55	24/1/86	473.64	27/3/87	33.29	17/12/74
71	Investment Trusts (95)	956.07	−1.2	—	2.48	—	4.64	967.41	959.83	974.71	754.98	992.46	27/3/87	633.36	14/1/86	992.46	27/3/87	71.12	13/12/74
81	Mining Finance (2)	431.71	+1.5	7.10	3.81	16.57	1.89	425.28	426.58	437.98	308.14	437.98	31/3/87	240.83	2/1/86	437.98	31/3/87	66.31	30/9/74
91	Overseas Traders (11)	903.30	−0.4	9.04	4.98	13.41	10.30	906.78	894.23	901.14	688.42	910.75	27/3/87	597.55	2/1/86	910.75	27/3/87	97.37	6/1/75
99	ALL-SHARE INDEX (726)	986.06	−1.0	—	3.51	—	5.97	996.46	988.79	1000.04	820.94	1026.58	24/3/87	664.42	14/1/86	1026.58	24/3/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	April 2	April 1	March 31	March 30	March 27	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ‡	1965.1	−22.6	1982.6	1951.2	1987.7	1973.1	1997.6	2082.5	2048.6	1680.2	2064.5	24/3/87	1370.1	14/1/86	2064.5	24/3/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri April 3	Day's change %	Thurs April 2	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.01	+0.08	123.16	0.25	3.48
2	5-15 years	142.45	−0.11	142.62	—	3.46
3	Over 15 years	150.97	−0.36	151.52	—	3.45
4	Irredeemables	166.07	−0.03	166.11	—	1.62
5	All stocks	138.51	−0.10	138.73	0.08	3.48
	Index-Linked					
6	5 years	119.92	+0.14	119.75	—	0.83
7	Over 5 years	122.73	+0.25	122.42	—	0.88
8	All stocks	122.27	+0.24	121.98	—	0.86
9	Debentures & Loans	123.92	−0.15	124.11	—	2.15
10	Preference	86.54	+0.04	86.50	—	1.56

	AVERAGE GROSS REDEMPTION YIELDS		Fri April 3	Thurs April 2	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
	British Government								
1	Low	5 years	8.20	8.18	7.37	10.26	20/1/86	7.37	18/4/86
2	Coupons	15 years	9.12	9.08	8.32	10.87	20/11/86	8.32	18/4/86
3		25 years	9.15	9.11	8.33	10.88	20/11/86	8.33	18/4/86
4	Medium	5 years	9.18	9.17	8.58	11.89	14/1/86	8.58	18/4/86
5	Coupons	15 years	9.31	9.27	8.58	11.23	20/11/86	8.58	18/4/86
6		25 years	9.32	9.27	8.58	10.79	20/11/86	8.58	18/4/86
7	High	5 years	9.30	9.30	8.73	12.07	20/1/86	8.73	18/4/86
8	Coupons	15 years	9.44	9.40	8.73	11.41	20/11/86	8.73	18/4/86
9		25 years	9.24	9.20	8.73	10.86	20/11/86	8.73	18/4/86
10	Irredeemables †		9.12	9.11	8.38	10.51	20/11/86	8.38	18/4/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.67	2.69	3.37	5.18	14/1/86	2.39	24/3/87
12	Inflat'n rate 5%	Over 5 yrs	3.33	3.34	3.41	4.01	20/1/86	3.26	13/5/86
13	Inflat'n rate 10%	5 yrs	2.05	2.06	2.21	4.23	14/1/86	0.85	24/3/87
14	Inflat'n rate 10%	Over 5 yrs	3.20	3.21	3.25	3.85	14/1/86	3.09	19/5/86
15	Debs &	5 years	9.97	9.89	9.94	12.78	27/1/86	9.58	23/3/87
16	Loans	15 years	10.18	10.15	9.83	11.93	4/2/86	9.79	22/4/86
17		25 years	10.20	10.19	9.71	11.91	20/11/86	9.69	17/4/86
18	Preference †		10.78	10.79	11.17	12.18	24/2/86	10.30	9/6/86

‡ Opening index 1975.9; 10 am 1982.0; 11 am 1969.1; Noon 1968.5; 1 pm 1955.6; 2 pm 1952.7; 3 pm 1952.4; 3.30 pm 1953.5; 4 pm 1959.8.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Boustead (91), Debron Investments (35), Elliott (B.) (6), Oceonics Group (5), Office & Electronics (48), Petranol (51) and Wordplex Information (5) have all been deleted and Microfilm Reprographics (48), Erskine House (48), Cowie (T.) (9), Hoskyns Group (5), NMC Investments (31) and Scandinavian Bank Group (70) have been inserted. RECLASSIFICATIONS: Rush & Tompkins Group (69) to (3).

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

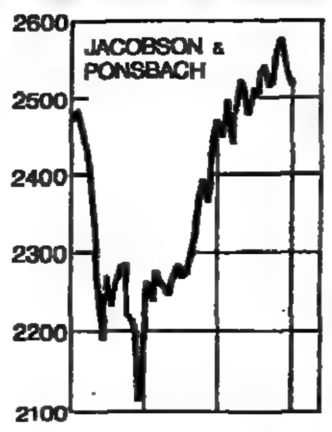
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY APRIL 2 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	DOLLAR INDEX 1986/87 High	1986/87 Low	Year ago
Australia (94)	123.22	−0.1	113.96	116.38	3.02	124.36	70.18	87.24
Austria (16)	91.97	−0.1	85.06	87.20	1.85	101.62	70.60	75.80
Belgium (47)	115.88	+1.6	107.18	108.17	4.26	118.92	53.75	73.85
Canada (131)	132.00	+1.4	122.09	124.98	2.24	134.35	86.58	96.98
Denmark (39)	112.65	−0.2	104.19	105.34	2.37	124.10	87.87	98.67
France (123)	118.62	+0.3	109.71	112.76	2.26	120.79	57.72	80.72
West Germany (90)	95.03	+0.8	87.89	89.99	2.07	100.33	74.48	82.91
Hong Kong (45)	107.54	+0.5	99.46	107.69	3.14	114.71	62.87	65.44
Ireland (14)	122.13	−1.2	112.96	117.67	3.63	131.44	62.33	82.74
Italy (76)	103.32	+0.0	95.56	100.19	1.57	108.30	46.07	80.56
Japan (458)	133.51	+0.8	123.48	123.81	0.52	133.51	49.46	69.23
Malaysia (36)	131.22	+1.4	121.36	126.84	2.82	135.38	66.67	74.91
Mexico (14)	153.43	−2.3	141.90	189.05	1.08	157.04	43.00	56.82
Netherland (38)	114.67	+2.0	106.06	107.61	4.12	114.67	74.14	82.31
New Zealand (27)	94.30	−0.4	87.21	87.95	3.08	100.59	47.37	62.87
Norway (25)	124.60	+0.0	115.24	115.89	2.11	127.09	90.02	100.53
Singapore (27)	118.69	+1.6	109.78	117.02	3.18	122.51	55.94	58.45
South Africa (61)	166.47	−1.8	153.96	110.28	3.68	175.51	69.06	101.68
Spain (43)	109.09	−0.7	100.89	105.78	3.86	121.31	45.00	74.97
Sweden (33)	111.96	−0.5	103.55	105.45	2.28	115.19	63.35	82.05
Switzerland (51)	98.42	+0.7	91.02	92.71	1.82	104.06	69.01	77.62
United Kingdom (342)	129.00	+0.6	119.31	119.31	3.57	133.88	75.39	99.03
USA (598)	120.74	+1.2	111.67	120.74	3.00	124.06	85.46	99.05
Europe (937)	114.18	+0.6	105.61	107.13	2.93	115.20	69.36	87.88
Pacific Basin (687)	132.10	+0.8	122.18	122.86	0.69	132.10	51.10	69.71
Euro—Pacific (1624)	124.96	+0.7	115.57	116.56	1.51	125.18	58.45	76.86
North America (729)	121.34	+1.2	112.22	120.98	2.96	124.60	85.61	98.95
World Ex. US (1830)	125.67	+0.7	116.23	116.88	1.57	125.90	60.02	77.82
World Ex. UK (2086)	123.25	+0.9	113.99	118.40	1.97	123.49	69.65	84.95
World Ex. So. Af. (2367)	123.48	+0.9	114.21	118.51	2.10	124.06	69.95	86.05
World Ex. Japan (1970)	119.12	+0.9	110.17	115.81	2.96	121.08	79.87	94.25
The World Index (2428)	123.76	+0.9	114.46	118.46	2.12	124.32	70.14	86.15

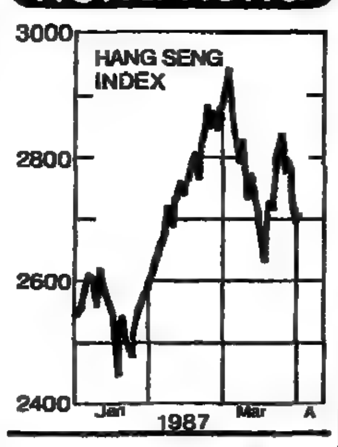
Base values: Dec 31, 1986 = 100

3.00 p.m. New York prices.

SWEDEN



HONG KONG



EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		May 87		Aug 87		Nov 87		
GOLD C	$400	1	23A	2	35	—	—	$418.50
GOLD C	$420	54	11.50	10	24	8	33	"
GOLD C	$440	15	4.50	3	13.50	7	23.50	"
GOLD C	$460	17	2.50	—	—	16	15.10	"
GOLD C	$480	5	1	—	—	—	—	"
GOLD P	$360	525	0.40	—	—	—	—	"
GOLD P	$370	230	0.80	—	—	3	3.20	"
GOLD P	$380	40	1.30	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	—	—	—	—	5	70	$639
SILVER C	$700	—	—	11	25	—	1	"
SILVER P	$650	2	3550	—	—	—	—	"
£/Fl C	Fl.325	—	—	7.30B	—	—	—	Fl331.10
£/Fl P	Fl.325	5	4.80	10	8.80	—	—	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.205	5	2	65	2.80	2	3.70	Fl.204.95
$/Fl C	Fl.210	16	0.50	7	18	—	—	"
$/Fl C	Fl.215	—	—	—	—	3	1	"
$/Fl P	Fl.200	—	—	4	1.50	—	—	"
$/Fl P	Fl.205	20	2	3	3.40	45	4.20	"
$/Fl P	Fl.210	11	5.80	—	—	10	7.50	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.195	—	—	—	—	2	12.80	Fl.204.95
$/Fl C	Fl.200	—	—	23	9.20	78	10.40	"
$/Fl C	Fl.205	—	—	1	6.70A	40	8.20	"
$/Fl C	Fl.210	8	3.80	6	4.90	2	6.40A	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	147	9.50	39	21.90	10	27	Fl.522
ABN P	Fl.500	16	1.70	26	10.50	8	18.50B	"
AEGON C	Fl.95	10	0.70	162	2.90	—	—	Fl.90.60
AEGON P	Fl.90	10	1.70	83	4.70	3	6.20	"
AHOLD C	Fl.115	7	0.90	16	3	—	—	Fl.108.20
AHOLD P	Fl.105	59	0.90	37	4.40	—	—	"
AKZO C	Fl.140	500	1.90	399	4.30	87	7.20	Fl.137
AKZO P	Fl.140	341	4.50	217	10.20	23	11.90	"
AMEV C	Fl.70	56	1.70	256	3.90	82	3.90	Fl.70.20
AMEV P	Fl.70	51	1.70B	11	3.70	3	3	"
AMRO C	Fl.85	51	1	308	3.80	9	5.40	Fl.83.50
AMRO P	Fl.80	—	—	225	2.70	5	4.30	"
ELSEVIER C	Fl.260	162	4.50	85	12.90	15	17	Fl.260
ELSEVIER P	Fl.260	—	—	44	14.50	3	19	"
GIST-BROC. C	Fl.45	266	1.20	114	2.70	8	3.90B	Fl.45.30
GIST-BROC. P	Fl.45	34	1.20	37	2.90	40	3.50	"
HEINEKEN C	Fl.180	9	2.20	46	5.10	—	—	Fl.177.50
HEINEKEN P	Fl.170	134	1.70	61	4.90	32	7	"
HOOGOVENS C	Fl.35	525	1	324	2.80	102	4.20	Fl.34.20
HOOGOVENS P	Fl.35	571	2.10	234	4.70	186	5.80	"
KLM C	Fl.40	450	2.40A	170	3.90	65	5	Fl.42
KLM P	Fl.40	50	0.50	39	1.70	105	3.50	"
NED. LLOYD C	Fl.180	84	2.50B	12	5	—	—	Fl.175.50
NED. LLOYD P	Fl.170	76	2.30	25	10.30	—	—	"
NAT. NED C	Fl.75	640	3.50	331	5.50	19	7.40	Fl.77.50
NAT. NED. P	Fl.75	63	1	127	3.50	26	4.90	"
PHILIPS C	Fl.50	642	1	466	2.80	158	4.20	Fl.49.70
PHILIPS P	Fl.50	322	2.10	17	3.10	54	3.70	"
ROYAL DUTCH C	Fl.230	103	16.50	316	17.50A	148	17.50	Fl.245.60
ROYAL DUTCH P	Fl.240	147	2.50B	290	9.70	54	15B	"
ROBECO C	Fl.105	—	—	—	—	4	1.90	Fl.102
ROBECO P	Fl.100	—	—	3	2.20	—	—	"
UNILEVER C	Fl.600	363	5.50	146	15.90	61	25	Fl.585.50
UNILEVER P	Fl.580	89	8.50	34	21.70	39	23B	"

TOTAL VOLUME IN CONTRACTS: 28,473

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Nat Credit Corp. Ltd.	10
Allied Arab Bk Ltd.	10	Citibank Savings	¶12.45	Nat. Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd.	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equatorial Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd.	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Credit & Comm.	10	First Nat. Fin. Corp	11	Trustee Savings Bnk	10
Bank of Cyprus	10	First Nat. Sec. Ltd.	11	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of India	10	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Unity Trust PLC	9½
Banque Belge Ltd.	10	● Guinness Mahon	10	Westpac Banking Corp	10
Barclays Bank	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Benchmark Tst Ltd	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Trust Ltd.	11	Heritable & Gen. Tst	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co.	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd.	10		
Canada Permanent	10	Meghraj & Sons Ltd.	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Sunwise 8.09%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,900	145	−3	Jaguar	772	571	−7
Allied Lyons	2,800	389	−5	Ladbroke	1,100	423	−6
Amstrad	6,600	180	−5	Land Securities	1,400	397	−1
Argyll	1,900	405	−6	Legal & Gen.	2,500	275	−2
Assoc. Brit. Foods	1,200	334	−8	Lloyds Bank	1,600	472	—
BAT	3,900	533	−1	Lonrho	1,400	280	−1
BET	395	482	−6	MEPC	583	383	−4
BOC	777	420	−1	Marks & Spncr	7,100	209	−6
BPB Inds	565	655	−16	Midland Bank	2,600	609	−12
BPCC	916	318	−10	NatWest Bank	1,600	579	−9
BTR	6,700	305	−14	Pearson	1,100	590	—
Barclays	1,700	494	−5	P & O	870	625	−2
Bass	1,000	869	−22	Pilkington Bros	1,100	770	−5
Beecham	3,900	525	−5	Plessey	15,000	234	+5
Blue Circle	569	798	−17	Prudential	1,700	854	−15
Boots	4,800	264	−4	Racal	1,900	225	−3
Brit. Airways	6,000	126	−3	Rank Org	403	650	−15
Brit. Aero	5,700	660	+19	RHM	1,400	304	−7
Brit. & Comm.	1,300	445	−2	Reckitt & Col	469	952	−23
Brit. Gas	31,000	89½	−½	Redland	814	450	−17
Britoil	4,000	249	+3	Reed Intl.	1,600	386	−9
BP	4,900	909	−4	Reuters	412	693	−7
Brit. Telecom	8,400	248	−3	RMC	364	786	−18
Bunzl	1,100	216	−7	RTZ	2,800	834	+31
Burton	5,100	287	−7	Rowntree Mac	2,100	491	−3
Cable & Wire	6,500	374	−2	Ryl Bnk of Scotland.	218	314	−1
Cadbury Schwps	2,400	235	−5	Royal Insurance.	767	944	−20
Coats Viyella	1,000	574	−13	STC	2,000	246	−5
Comm. Union	4,900	316	−5	Saatchi & Saatchi	3,000	675	−2
Cons. Gold	1,200	925	−14	Sainsbury	1,500	482	−10
Cookson	423	991	−5	Sears	9,200	129½	−1
Courtaulds	811	419	−9	Sedgwick	1,200	315	−7
Dee Corpn	5,700	238	—	Shell Trans	4,400	£12⅛	−⅛
Dixons Grp	3,700	362	−10	Smith & Nephew	1,300	156	−1
English China Clays	686	413	—	Standard Chart.	1,200	827	−1
Fisons	680	605	−8	Storehouse	900	286	−4
Gen. Accident	517	932	−12	Sun Alliance	1,600	829	−3
Gen. Elect	7,900	200	−4	TSB	8,000	85	−1
Glaxo	1,800	£14¼	−3	Tarmac	2,000	484	−14
Globe Investment	887	149	−3	Tesco	1,700	465	+2
Granada	1,000	334	−5	Thorn EMI	3,400	640	−4
Grand Met	4,800	458	−6	Trafalgar House	820	326	−10
Gus "A"	319	£11⅞	−¼	T'house Forte	3,300	229	−3
Guardian R.E.	637	882	−15	Unigate	1,300	371	−6
GKN	3,300	317	−5	Unilever	458	£25¼	—
Guinness	5,300	318	−6	United Biscuits	994	280	−4
Hanson Trust	11,380	161	−3	Wellcome	2,500	420	−13
Hawker Sidd	634	511	−8	Whitbread 'A'	447	304	−4
Hillsdown Hlgs	2,500	255	−5	Woolworth	777	780	−8
ICI	1,700	£13	−⅛				
Imp. Cont. Gas	267	723	—				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday, April 2 1987

Gold Mines Index	+45.37	Industrial Group	+20.62
Health and H'sehold Products	+33.78	Contracting, Construction	+20.25
Metals and Metal Forming	+31.15	All-Share Index	+19.27
Publishing and Printing	+30.26	Other Groups	+19.00
Textiles	+29.14	Electricals	+18.76
Leisure	+28.12	Insurance (Composite)	+18.34
Agencies	+27.97	Property	+18.27
Shipping and Transport	+25.33	Food Manufacturing	+18.24
Oils and Gas	+24.75	Overseas Traders	+15.93
Mining Finance	+23.99	Telephone Networks	+15.81
Other Industrial Materials	+23.50	Stores	+15.25
Capital Goods	+21.82	Food Retailing	+13.67
Electronics	+21.74	Conglomerates	+13.43
500 Share Index	+21.21	Brewers and Distillers	+12.59
Mechanical Engineering	+21.20	Financial Group	+11.78
Motors	+21.16	Investment Trusts	+11.19
Building Materials	+21.05	Insurance (Life)	+ 9.85
Consumer Group	+20.94	Merchant Banks	+ 7.03
Chemicals	+20.76	Insurance Brokers	+ 5.60
Packaging and Paper	+20.71	Banks	+ 4.48

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	18	58	37	122	386	57
Corporations, Dom. and Foreign Bonds	18	5	45	38	77	225
Industrials	352	780	409	1,699	3,873	2,133
Financial and Props.	77	301	209	551	1,261	1,123
Oils	24	44	44	115	216	229
Plantations	2	2	10	4	16	50
Mines	41	70	70	297	317	291
Others	35	110	67	276	470	295
Totals	567	1,370	891	3,102	6,616	4,403

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	271.5	288.8xd	−2.2	5.03
(Accum Units)	336.4	357.8	−2.7	5.03
UK Growth	333.0	354.2xd	−0.8	2.39
(Accum Units)	354.8	377.4	−0.9	2.39

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	40.0	42.4	(z)	2.76
MLA Income Trust	54.4	57.6	(z)	5.90
MLA Int.	61.8	65.5xd	(z)	0.00
MLA Gilt Unit Tst.	25.1	25.8	(z)	10.07
MLA European Trust	35.0	37.0	(z)	0.67
MLA American Tst.	27.8	29.4	(z)	0.85
MLA Emerging Mkts. Tst.	—	25.0	(z)	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	118.0	122.2xd	....	7.12
Growth Units	97.0	103.1	....	2.61
High Income Unit	137.4	146.0xd	....	3.87
High Yielding Gilt Uts	61.0	63.1	....	8.04
Intl Growth Unit Tst.	154.6	164.3	....	0.38
UK Smaller Cos.	105.5	112.1	....	1.63
North American	84.0	89.3	....	0.40
Far East	127.6	135.6	....	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income March 30	308.5	330.3xd	....	3.38
General March 30	244.2	259.8xd	....	1.89
International March 30	153.5	163.3xd	....	0.65
Global Inc Fd March 30	49.6	52.3xd	....	5.15

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	120.0	179.8	....	4.07

Mercury Fund Managers Ltd
33 King William St, EC4R 9AS 01-280 2060

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	309.8	330.7	−9	0.96
Income	227.0	241.8xd	−2.6	3.70
Worldwide Recovery	166.7	178.0	−1.5	1.61
American Growth	77.0	82.3	−1	0.87
Intl. Emerging Cos.	95.1	101.4	−3	0.71
Far East Growth Fd.	97.1	103.7	−2	0.77
European Growth Fd.	44.0	48.4	....	1.03

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	60.3	64.2	(z)	3.74
Prolific C'vert & Gilt	115.3	122.7xd	(z)	4.85
Prolific Euro Gth&In.	51.4	54.7	(z)	2.62
Prolific Extra Inc.	114.8	122.6xd	(z)	3.62
Prolific Far East	209.9	228.1xd	(z)	—
Prolific High Inc.	79.1	84.6	(z)	3.91
Prolific Intl	144.3	153.6xd	(z)	3.11
Prolific N. Amer.	136.9	146.5	(z)	—
Prolific Spec. Sits.	93.9	100.5	(z)	0.89
Prolific Technology	141.5	151.4	(z)	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	95.1	101.2xd	+0.7	0.00
Japan Acc.	95.3	101.4	+0.7	0.00
Worldwide Inc.	78.1	82.7xd	−0.4	1.08
Worldwide Acc.	79.5	84.2	+0.4	1.08
European Tst Inc.	95.6	101.2	+0.3	0.35
European Tst Acc.	96.2	101.9	+0.3	0.35
North American Inc.	66.3	70.6	−0.5	1.20
North American Acc.	67.2	71.5	−0.6	1.20
UK Equity Inc.	79.6	84.7	−0.7	1.92
UK Equity Acc.	83.1	88.5	−0.4	1.92
UK High Inc Eqty Inc.	58.2	61.9	−0.2	4.92
UK High Inc Eqty Acc.	59.3	63.1	−0.2	4.92
Hong Kong Trust	44.4	47.3	−0.9	0.98
Swiss Equities Trust	45.9	48.6	+0.2	1.89

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	94.5	100.6xd	−0.2	0.71
PM Income and Growth	85.2	90.7xd	+0.3	3.50
PM N American Growth	54.5	57.9	−0.1	0.34
PM European Growth	48.6	52.7	+0.2	0.61
PM Japan Growth	61.0	64.8	+0.3	0.49

INSURANCES

Cont. on next Page

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.

Pensions Funds

American (Cap)	330.1	346.7	-0.2	—
American (Acc)	458.6	481.6	-0.3	—
Building Soc (Cap)	93.7	98.5	....	—
Building Soc (Acc)	130.2	136.8	....	—
Deposit (Cap)	153.9	161.7	+0.1	—
Deposit (Acc)	213.8	224.6	+0.1	—
European (Cap)	140.0	147.2	+0.6	—
European (Acc)	194.6	204.4	+0.8	—
Equity (Cap)	394.9	414.8	+1.8	—
Equity (Acc)	548.2	575.7	+2.5	—
Gilt (Cap)	242.6	254.8	-0.1	—
Gilt (Acc)	337.0	353.9	-0.2	—
Gold (Cap)	105.3	110.7	-1.4	—
Gold (Acc)	146.3	153.7	-2.0	—
Index-Linked (Cap)	95.8	100.7	+0.2	—
Index-Lnkd Gilt (Acc)	133.1	139.9	+0.3	—
International (Cap)	109.5	115.1	-0.7	—
International (Acc)	152.2	159.9	-0.9	—
Intnl Inc (Cap)	106.5	112.0	-0.7	—
Intl Inc (Acc)	148.0	155.5	-1.0	—
Japan (Cap)	134.5	141.3	+1.0	—
Japan (Acc)	186.8	196.3	+1.5	—
Managed (Cap)	306.5	321.9	+0.1	—
Managed (Acc)	425.8	447.1	+0.1	—
PPP Fund (Cap)	291.7	306.4	+0.7	—
PPP Fund (Acc)	405.2	425.5	+0.9	—
Pacific (Cap)	252.4	265.2	-4.8	—
Pacific (Acc)	350.7	368.4	-6.2	—
Property (Cap)	132.2	138.9	....	—
Property (Acc)	183.7	192.9	....	—
Recovery (Cap)	188.3	197.8	+1.4	—
Recovery (Acc)	261.6	274.8	+2.0	—
UK Income (Cap)	108.1	113.6	+0.2	—
UK Income (Acc)	150.2	157.8	+0.3	—
Personal Pension (Acc)	1624.0		+3.4	—

MGM Assurance

MGM House, Heene Rd, Worthing 0903 204631

UK Equity	211.5	222.7	-0.6	—
Do. Accum	236.0	248.5	-0.7	—
Special Situations	188.6	198.6	+0.4	—
Do. Accum	210.3	221.4	+0.5	—
North American	183.6	193.3	-0.4	—
Do. Accum	204.9	215.7	-0.5	—
Pacific Basin	308.8	325.1	-5.7	—
Do. Accum	344	362.4	-6.4	—
Fixed Interest	211.5	222.7	-0.2	—
Do. Accum	236.0	248.5	-0.2	—
Property	117.0	123.2	....	—
Do. Accum	130.8	137.7	....	—
Deposit	112.2	118.2	....	—
Do. Accum	125.1	131.7	....	—
Managed	202.5	213.2	-0.5	—
Do Accum	227.9	239.9	-0.8	—
Pension Funds				
Pensions Equity	224.2	236.1	0.9	—
Do. Accum	269.9	284.2	-1.0	—
Pens. Spec. Sits.	203.5	214.3	+0.7	—
Do. Accum	245.0	257.9	+0.8	—
Pens. North American	193.5	203.7	-0.6	—
Do. Accum	232.9	245.2	-0.6	—
Pens. Pacific Basin	335.9	353.6	-8.3	—
Do. Accum	404.3	425.6	-10.1	—
Pens. Fixed Int.	222.0	233.7	-0.2	—
Do. Accum	267.2	281.3	-0.2	—
Pens. Property	118.2	124.5	....	—
Do. Accum	142.3	149.8	....	—
Pens. Deposit	119.5	125.8	....	—
Do. Accum	143.7	151.3	....	—
Pens. Managed	219.2	230.8	-0.8	—
Do. Accum	264.8	278.8	-0.9	—

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	414.1	435.9	....	—
Property	272.1	286.4	....	—
Equity	482.8	508.2	....	—
Gilt Edged	359.4	378.3	....	—
Deposit	200.6	211.2	....	—
Investment	205.4	215.6	....	—
International	419.0	441.0	....	—
Pension Fund Prices				
Managed Init.		297.8	....	—
Do. Accum.		360.8	....	—
Property Init.		235.0	....	—
Do. Accum.		284.6	....	—
Equity Init.		363.7	....	—
Do. Accum.		439.8	....	—
Gilt-Edged Init.		227.4	....	—
Do. Accum.		275.4	....	—
Guaranteed Init.		155.0	....	—
Do. Accum.		187.7	....	—
International Init.		491.9	....	—
Do. Accum.		595.2	....	—
Index Lk. Gilts Init.		143.6	....	—
Do. Accum.		173.6	....	—

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	[illegible]	+0.0	—
Property Pens.	[illegible]	+0.1	—
Equity	[illegible]	+0.7	—
Equity Pens.	779.2	+6.0	—
Money Market	307.1	+0.7	—
Money Mkt. Pens.	545.9	+1.2	—
Deposit	232.7	+0.1	—
Deposit Pens.	366.6	+0.2	—
Managed	266.4	+0.7	—
Managed Pens.	499.7	+2.3	—
Intl. Equity	320.1	+1.7	—
Do. Pens.	504.2	+4.4	—
Intl. Managed	292.1	+1.4	—
Do. Pens.	424.4	+3.1	—
North American	125.1	+0.1	—
Do. Pens.	142.6	+1.3	—
Far East	274.6	+3.5	—
Do. Pens.	390.9	+3.1	—
Intnl. Currency	172.6	+0.0	—
Do. Pens.	234.8	+0.0	—
Index Linked	137.2	+0.0	—
S & C Managed Fd	136.5	+0.6	—

National Mutual Life

5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.0	196.9	....	—
Managed Prospect Fund	146.7	154.5	....	—
UK Equity Fd	219.0	230.6	....	—
Fixed Interest	146.5	154.3	....	—
Pacific	183.0	192.7	....	—
North American	116.9	123.1	....	—
Pens. Managed	220.2	231.3	....	—
Pens. UK Equity	262.0	275.8	....	—
Pens. Overseas Equity	300.1	315.9	....	—
Pens. Property	116.8	123.0	....	—
Pens. Fixed Interest	156.3	164.6	....	—
Pens. Index Linked	123.6	130.2	....	—
Pens. Deposit	142.2	149.7	....	—
P.R.P. UK Equity	113.2	119.2	....	—
P.R.P. Overseas Equity	106.2	111.8	....	—
P.R.P. Fixed Interest	105.6	111.2	....	—
P.R.P. Property	96.1	101.2	....	—
P.R.P. Index Linked	111.1	117.0	....	—
P.R.P. Deposit	97.4	102.6	....	—
P.R.P. Managed	109.7	115.5	....	—
P.R.P. With Profits	97.7	102.9	....	—

National Mutual of Australasia

Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.68	138.60	-2.75	—
Guaranteed Deposit	117.42	123.59	+0.16	—
International	168.45	177.31	-1.07	—
Managed	143.90	151.47	-2.57	—
Property	130.54	137.41	+0.75	—
UK Equities	177.36	186.69	-3.46	—
Pens Fixed Interest	123.63	130.13	-2.58	—
Pens Grtd Deposit	117.85	124.05	+0.22	—
Pens International	183.55	193.20	-1.13	—
Pens Managed	154.30	162.42	-3.67	—
Pens Property	142.99	150.51	+1.15	—
Pens UK Equities	154.77	162.91	-6.69	—

National Provident Institution

48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	284.9	299.9	-0.6	—
UK Equity	359.6	378.6	-1.5	—
Overseas Eq.	285.7	300.8	-0.7	—
Americas	241.8	254.6	-1.2	—
Far East	321.0	337.9	-1.2	—
Property	133.7	140.8	-0.1	—
Fixed Int	205.7	216.6	-0.1	—
Indexed Gilt	122.0	128.5	+1.3	—
Deposit	132.0	139.0	+0.1	—
Pension Fund Prices				
Man. Initial	299.7	315.5	-0.2	—
Man Acc.	359.4	378.4	-0.3	—
UK Eq. Initial	362.7	381.8	-0.5	—
UK Eq.	424.6	447.0	-1.0	—
Overseas Eq. Initial	355.1	373.8	-1.2	—
Overseas Eq.	441.6	464.9	-1.4	—
Americas Initial	264.3	278.3	-1.9	—
Americas	314.5	331.1	-2.3	—
Far East Initial	447.6	471.2	-0.7	—
Far East	531.1	559.1	-0.7	—
Prop. Initial	126.1	132.8	-0.1	—
Prop.	149.8	157.9	-0.1	—
Fixed Int. Initial	186.2	196.1	....	—
Fixed Int.	220.7	232.4	+0.1	—
Indexed Gilt Initial	111.2	117.1	+1.1	—
Indexed Gilt	130.4	137.3	+1.4	—
Deposit Initial	132.6	139.6	....	—
Deposit	158.6	167.0	+0.1	—
NPI Pensions Management Ltd				
Managed Fund	880.5	903.1	....	—

Prices March 2. Next dealing May 1.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	53.7	56.6	-0.1	—
Stock Market Mngd Fund	54.6	57.5	-0.1	—
Equity Fund	57.9	61.0	-0.2	—
International Fund	53.0	55.8	-0.1	—
European Fund	56.8	59.8	....	—
North American Fund	50.0	52.7	-0.1	—
Pacific Fund	59.7	62.9	-0.2	—
Property Fund	50.1	52.8	....	—
Fixed Interest Funds	49.5	52.2	....	—
Index linked Sec Fund	48.9	51.5	+0.4	—
Deposit Fund	49.9	52.6	....	—
NUAM Retirement Plans				
Mixed Fund	55.8	58.8	+0.9	—
UK Ordinary Share	62.5	65.8	+0.5	—
International Fund	54.3	57.2	+0.5	—
Property Fund	50.2	52.9	-0.2	—
Fixed Interest Fund	50.6	53.3	-0.1	—
Index Linked Sec Fund	48.5	51.1	-0.1	—
Deposit Fund	51.3	54.0	....	—
NUAM (MF)				
Managed Fund	738.3	777.2	-1.8	—
Equity Fund	1549.2	1630.8	-4.0	—
Property Fund	311.4	327.8	....	—
Fixed Interest Fund	364.6	383.8	+0.2	—
Deposit Fund	203.6	214.4	....	—
International Fund	137.4	144.7	-0.1	—
Index Linked Sec Fund	48.9	51.5	+0.4	—

Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor* & Unit-Linked Plan*				
Fixed Interest Fund	254.7	268.1	....	—
Index-Linked Sec Fund	140.7	148.1	....	—
Ordinary Share Fund	457.8	481.8	....	—
International Fund	138.0	145.2	....	—
Property Fund	157.1	165.3	....	—
Deposit Fund	160.8	169.2	....	—
Mixed Fund	311.6	328.0	....	—
Norwich Units March 16		897.8	....	—

*Prices as at March 3.

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	137.4	144.6	....	—
Prop. Acc. (Gross) (z)	215.7	227.0	....	—
Equity (Gross) (z)	660.4	695.2	-4.1	—
Managed (Gross) (z)	456.0	480.0	-2.7	—
Prop. Acc. (Net) (z)	99.5	104.8	+0.1	—
Equity (Net) (z)	144.1	151.7	-0.7	—
Managed (Net) (z)	133.8	140.9	-0.7	—
Internat'nal (net) (z)	130.0	136.9	-0.9	—
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1) (z)	429.1	451.9	+1.0	—
Ret Man (Series 2) (z)	145.6	153.3	+0.4	—
Ret Cash (z)	110.6	116.5	+0.1	—

Phoenix Assurance Co Ltd

Phoenix House, Redcliff Hill, Bristol 0272 294941

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1986/87 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
52	45	Greek 7pc Ass.	45		3.50	7.78
52	44	Do. 6pc 28 Stb. Ass.	45	.....	3	6.67
50	42	Do 4pc Mixed Ass.	47xd	.....	2	4.29
77	60	Hung. '24 Ass.	65		2.75	4.37
145¼	122⅞	Hydro Quebec 15pc 2011	141	–⅛	15.00	10.34
92	84	Iceland 6½pc '83-88	92	.....	6.50	12.17
135½	113⅞	Do 14½pc Ln. 2016	129¾	.....	14.50	11.08
104¼	84½	Ireland 9¾pc '91-96	100½	.....	9.75	9.70
98	87	Japan 6% '83-88	95	.....	—	—

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

AMERICANS—Continued

1986/87 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
36⅞	17¹³⁄₁₆	Sara Lee $1	28⅛xd	–⅞	$2.00	—	4.5
13	10¼	Saul (B. F.) $1	10⁹⁄₁₆	–⅛	20c	—	1.2
81¼	55¼	Southwestern Bell $1	72	–1	$6.96	—	6.3
21½	14¼	Staley Continental	16⅞	+⅛	80c	—	3.1
43½	29¼	Sun Co. Inc. $1	43½xd	+⅞	$3.00	—	4.5
74	57⅛	TRW Inc. $1¼	64¹⁵⁄₁₆xd	+1	$3.20	—	3.2
31	23⅛	Tenneco $5	30¼	–⅛	$3.04	—	6.5
184½	135	Do. 10pcLn.Stk. 91-5	164½xd	.....	10%	—	6.7
26¼	18⅛	Texaco $6.25	23½xd	–⅞	$3.00	—	8.3
60⅞	41¼	Time Inc. $1	53⁹⁄₁₆	–⅛	$1.00	—	1.2
15⅝	11½	Tracor $0.33	12⅝	.....	36c	—	1.8
27⅛	20⅝	Transamerica $1	20⅛xd	–¼	$1.76	—	5.5
14⅞	781p	Transworld Corp $5	10⅝	.....	20c	—	1.2
42¼	19⅝	Trinova Corp.	41⅞	.....	$1.40	—	2.2
19⅝	10⅞	♦USX $1	17½	.....	$1.20	—	4.4
18¾	975p	Union Carbide $1	17⅛	–⅞	$1.50	—	5.7
37⅞	26⅞	Utd. Technologies	31⅛	–⅞	$1.40	—	2.9
41⅛	29⅝	US West‡	33⅞	–⅛	h$3.04	—	5.8
32	20⅛	♦Woolworth $3½	31¾	.....	$1.12	—	2.3

CANADIANS

1986/87 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
32½p	20p	♦Abbot Energy Corp.	21½p	.....	—	—	—
20½	380p	♦Amer. Barrick Res.	19⅞	–1	—	—	—
83p	36p	Armeno	74p	–3½	—	—	—
19⅞	13¼	Bk. Montreal ‖	15⅞	–¼	$2.00	—	6.0
10½	595p	Bk. Nova Scot.‖	886p	–14	72c	—	3.9
20¼	17⅝	BCE ‖	20¼	–⅛	$2.40	—	5.7
960p	457p	♦Bow Valley‖	868p	–14	10c	—	0.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

مكتبة الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

1986/87 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
147	30	Anglo-Dominion	96	−10	—	—	—
80	21	♦Colby Res Corp.	34½	+1	—	—	—
300	115	Cons. Murch. 10c	62	......	[illegible]	4.4	9.3
51	24	♦Emers Ins. Ir10p	40	+1	—	—	—
254	70	Greenwich Res.	246	−2	—	—	—
327	165	♦Highwood Res.	267	+27	—	—	—
£21¼	£13¾	Homestake Mining $1	£20¼	−½	[illegible]	—	0.6
382	150	♦McFinley Red Lake	345	+3	—	—	—
285	70	♦Westo Explorations	107	−8	—	—	—
100	28	♦New Sabina Res C$1	100	+4	—	—	—
495	200	Northgate C$1	476	−5	—	—	—
834	513	RTZ	834	+31	22.0	2.4	3.7
£169½	£115	Do. 9¾pcLn '95-2000	£169½	+3½	Q9¾%	25.5	5.7

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's	P/E
475	180	Abaco Group 10p	350	−25	3.2	—	1.3	—
50	10	Aberdeen Am Pet 10p	32	......	—	—	—	—
120	110	Allied Ins. Brokers	110	−3	L3.5	2.5	4.5	12.8
60	56	Catalyst Comm. 5p	58	......	—	—	—	—
68	24	Corton Beach 10p	55	−3	—	—	—	27.3
185	121	Enterprising Investment	185	......	—	—	—	—
63	10	Eglinton Oil Ir 5p	33	−1	—	—	—	—
41	8	Do. Warrants	21	+2	—	—	—	—
29	17	Publishing Hldgs 5p	27	......	—	—	—	15.6
56	46	Theme Holdings	55	+1	—	—	—	27.9
133	115	Unit Group	115	......	R4.0	2.5	5.6	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xe ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	73	......	Fin. 13% 97/02	£108¼	+½
Craig & Rose £1	£15¼	......	Arnotts	360	......
Finlay Pkg. 5p	69	+1	CPI Hldgs	55xd	......
Holt (Jos) 25p	408	......	Carrol Inds.	125	+2
IoM Stm. £1	95	......	Dublin Gas	5	......
			Hall (R. & H.)	122	......
IRISH			Heiton Hldgs.	27	−4
Fund 11¼% 1988	£98¾	+½	Irish Ropes	174½	−3½
Nat. 9¾% 84/89	£94¾	+½	Unidare	405xd	+5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	29	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds.	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday April 4 1987

Pound rises after confused week

BY JANET BUSH

THE POUND rose strongly yesterday at the end of a week marked by confusion over the UK Government's exchange rate policy.

The Bank of England did not appear to intervened to brake sterling's rise.

Trading in pounds became volatile in the latter part of the week as the market reacted to various statements on official policy by Mr Nigel Lawson, the Chancellor.

On Wednesday be told a meeting of the National Economic Development Council that he would like to maintain sterling at current levels and would do so through interest rates and intervention.

He also appeared to specify that $1.60 and DM 2.90 were those levels.

The pound had been trading somewhat higher than this and foreign exchange dealers immediately sold pounds to bring it into line with the levels indicated by Mr Lawson.

On Thursday the Chancellor said that his remarks had been misunderstood. He explained that he had simply informed members of the National Economic Development Council, where he had been speaking on Wednesday, in rounded terms of what current exchange rates were.

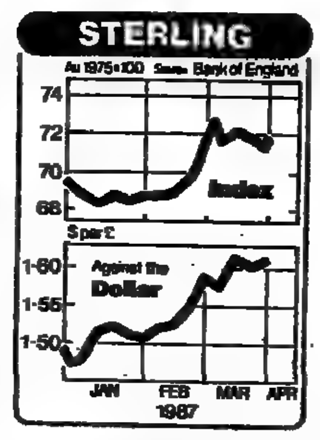
The market then reacted by buying back the pounds sold on Wednesday and sterling continued to rise yesterday.

The pound's trade-weighted index reached a high of 72.0 yesterday, compared with Thursday's close of 71.4, before easing to finish at 71.9.

In London sterling rose 1.25 pfennigs yesterday to close at DM 2.9350. It also rose more than a cent to close at $1.6140, more than reversing its losses earlier in the week.

Foreign exchange dealers said they expected trading to become more cautious next week as attention focuses on the series of international meetings in Washington.

Members of the Group of Seven leading industrial nations are expected to meet and reaffirm the Paris accord on stabilising currencies.



Background, Page 3; Money markets, Page 12

US-Japan chip dispute hits world markets

By Louise Kehoe in San Francisco

THE US-JAPANESE trade dispute over semiconductor chips is seriously upsetting the world semiconductor and US electronics markets, with microchip prices rising sharply because of a shortage of Japanese supplies.

Japan has, in effect, created exporting semiconductor memory chips in an apparent effort to avert the US tariffs on Japanese electronics goods announced last week by President Ronald Reagan.

This has prompted a dramatic rise in chip prices in the US and Asia, panic buying in the US and a frenzy of activity in the US semiconducior industry as manufacturers struggle to keep up with demand.

US industry executives believe that the shortage of supply has been caused by a deliberate move by the Japanese Ministry of International Trade and Industry to delay processing of export licence applications in Japan.

In a related action the US Customs service demands that Japanese exporters post bonds equivalent to 100 per cent of the value of goods exported to the US in anticipation of tariffs on a variety of Japanese electronics products.

The tariffs may be made retroactive to March 31, Customs officials say.

Defence contractors oppose Ordnance takeover by BAe

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

SEVERAL UK defence contractors have urged the Office of Fair Trading to recommend rejection of the British Aerospace takcover of Royal Ordnance, the government-owned arms business, on the grounds that it would inhibit competition in key areas of military procurement.

Ferranti, the electronics company, which was an initial bidder for Royal Ordnance, and Hunting Engineering, Bedfordshire defence contractor, confirmed yesterday that they had written to the OFT complaining that the acquisition could give BAe a near-monopoly in the UK in making major missile and munitions systems.

The BAe purchase of Royal Ordnance for £190m, announced by the Government on Thursday, is still subject to consideration by the OFT, which is to recommend next week whether the deal should be referred to the Monopolies and Mergers Commission.

It is then up to the Government, through the Trade and Industry Secretary, to accept or reject the OFT's view.

The department most concerned about military procurement competition, the Ministry of Defence, has made clear that it sees no structural obstacle to its bigegst supplier, BAe, growing bigger still by the purchase.

The ministry regards as absurd any parallel with the GEC-Plessey merger which it successfully opposed last year.

The complainants to the OFT are sensitive about upsetting their extensive business links with BAe. Short Brothers, the Belfast aerospace company, said yesterday it had given the OFT its view of the merger, but would not say what that view was.

Most of BAe's rival weapons manufacturers would much prefer Royal Ordnance to go to GKN, the mainly civil engineering group which lost out to BAe by bidding only £160m.

Royal Ordnance, with a workforce of 16,000 in 15 factories, has been an extensive subcontractor to the defence industry.

Opponents of the merger are concerned about its future behaviour of Royal Ordnance as a subcontractor to them.

They fear that it may offer special terms to its new parent and that as a result BAe will have a total "in-house" capability to make, say, missiles from Royal Ordnance explosives and rocket motors, and BAe electronics.

The MoD counter-argument to this, which will be presented to the OFT, is that if Royal Ordnance was no longer evenhanded with its customers they could place their orders elsewhere, abroad if necessary.

Ministry officials note that BAe has threatened to buy a West German motor for the Alarm anti-radar missile if by midsummer Royal Ordnance still cannot make its planned rocket motor for Alarm.

BAe has generally based its case for acquisition of Royal Ordnance on the need to grow to match international competition.

In fact the incorporation, bringing total sales up to £36bn a year, makes BAe one of the biggest defence contractors in Europe.

Background, Page 3
Marconi job losses, Page 4

Delors seeks stronger EMS

BY QUENTIN PEEL IN BRUSSELS

PLANS TO strengthen the operation of the European Monetary System, including closer co-operation between European central banks on interest rate and money market policies, will be presented to EEC finance ministers today.

The proposals also suggest stricter surveillance of national economic performance to trigger consultation between the member states—along the lines being mooted for closer co-ordination on the international monetary level.

Reports on possible ways to reinforce the system are being put forward by the committee of EEC central bank governors, the EEC monetary committee of top-level Treasury and central bank officials, and Mr Jacques Delors, the European Commission president.

Both Mr Delors and Mr Mark Eyskens, the Belgian Finance Minister who is chairman of such EEC meetings, are keen to make progress on strengthening the system, not least to provide greater insulation against the external shocks of dollar and yen volatility.

The finance ministers gathered last night at the windswept Belgian seaside resort of Knokke for the start of their informal weekend talks. They are seeking to co-ordinate their positions for the meeting next week of the interim committee of the International Monetary Fund, and on the need for any follow-up to the currency stabilisation accord agreed in February in Paris.

Most of their senior advisers expect the discussion on the EMS to be a progress report rather, than a source of clear decisions.

The monetary committee, presided over by Mr Hans Tietmeyer, West German State Secretary for Finance, has been studying various options for strengthening the system. These include reviving the use of the divergence indicator (which is supposed to prompt policy responses before EMS currencies have moved too far out of alignment), greater surveillance of national economic indicators and more co-ordinated intra-marginal intervention (that is, before currencies reach their ceilings or floors within the EMS).

These ideas were put forward in a French government memorandum, submitted by Mr Edouard Balladur, the Finance Minister, in February. He also proposed closer European co-operation on the international currency markets, and an attempt to agree "appropriate levels" for the dollar and yen against the EMS currencies.

Similar ideas are likely to be proposed by Mr Delors, linked to the need for a stronger EMS to coincide with any further moves towards full liberalisation of EEC capital flows.

Mr Delors' thinking links the recent measures taken to free capital movements—notably in France, Italy and Denmark—with the greater external pressures on the EMS.

He propounds an increasing need for interest rate and money market policies in each member state to be co-ordinated because of their connection with foreign exchange markets.

He is also likely to argue for greater use of intra-marginal intervention, in a more co-ordinated way, between the economies of strong and weak currencies in spite of continuing West German opposition.

The hub of the argument will be the extent to which intra-marginal intervention encourages or discourages currency speculation.

Mr Delors and Mr Eyskens would like to push the co-ordination further, to include greater use of Community finance for intervention.

Editorial Comment, Page 6

Continued from Page 1

Portugal

left-wing army coup ended 40 years of dictatorship and restored democracy.

Mr Cavaco Silva, a 47-year-old economics professor who has won popularity by leading the conutry out of recession, is pressing for a premature election. Opinion polls indicate his Social Democrats, currently holding just over a third of the assembly seats, could come close to an absolute majority.

But the PRD, formed as a political vehicle for General Eanes when he ended two terms as President last year, has called on the Socialists to lead a left-wing coalition to replace the minority Government.

Mr Soares must choose between two options that could reproduce the current stalemate: an insecure coalition of two parties fighting for the same political ground or an election in which the Social Democrats may again fall short of an absolute majority.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Argyle Trust	195	+ 27
Brit Aerospace	660	+ 19
Cowie (T.)	393	+ 13
Gold Mines Kalg'rlie	324	+ 25
Hickson Intl	637	+ 13
Hill Samuel	450	+ 22
Home Counties	425	+ 15
Horizon Travel	194	+ 30
Johnston Group	440	+ 35
Ladies Pride	79½	+ 9
Lex Service	412	+ 21
Lloyds Chemist	221	+ 28
Lowe Howard-Spink	445	+ 10
Media Tech	155	+ 27
Sons of Gwalia	600	+ 37
United Packaging	145	+ 24
Western Mining	350	+ 14
Worcester	585	+ 50
FALLS		
BTR	305	− 14
Bass	869	− 22
Bemrose	251	− 7
Bunzl	216	− 7
Burton	287	− 7
Midland Bank	609	− 12
Nevi Baltic	170	− 10
Reckitt & Colman	952	− 23
Redland	450	− 17
Rothmans Intl	236	− 7
Royal Ins	944	− 20
Tate & Lyle	730	− 15

WORLDWIDE WEATHER

UK today: Rain, heavy at times. Brighter in S. Outlook: Unsettled, scattered showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Dallas	S	13	55	Madeira	F	20	68	Perth	F	26	79
Algiers	F	22	72	Dublin	C	8	46	Madrid	F	8	46	Prague	C	9	48
Amsdm.	S	12	54	Dbrvnk.	F	12	54	Majorca	C	15	59	Rykjvk.	S	1	34
Athens	S	16	61	Ednbgh.	C	5	41	Malaga	C	9	48	Rhodes	S	16	61
Bahrain	S	26	79	Faro	F	12	54	Malta	S	17	63	Rio J'o	C	23	73
Barclna.	C	14	57	Florence	C	14	57	M'chstr	F	9	48	Rome	F	17	63
Belfast	R	8	46	Frankft.	F	11	52	Melbne.	S	18	64	Salzbrg.	S	15	59
Belgrd.	F	16	61	Geneva	F	8	46	Mex. C.	S	21	70	S'cisco	F	16	61
Berlin	S	9	48	Gibrltr.	T	9	48	Miami	F	26	79	Seoul	Dr	6	43
Biarritz	S	13	55	Gl'sg'w	C	6	43	Milan	C	9	48	Singapr.	F	31	88
Bmghm.	C	9	48	G'rnsey	R	7	45	Montrl.	F	7	45	S'tiago	S	28	82
Blackpl.	F	10	50	Helsinki	S	9	48	Moscow	C	9	48	Stckhm.	F	7	45
Bombay	S	30	86	H. Kong	C	19	66	Munich	S	13	55	Strasbg.	F	11	52
Bordx.	C	10	50	Innsbrk.	F	13	55	Nairobi	F	30	86	Sydney	S	24	75
Boulgn.	C	11	52	Invrnss.	R	5	41	Naples	C	16	61	Tangier	C	10	50
Bristol	C	10	50	I.o Man	C	8	46	Nassau		—	—	Tel Aviv	F	17	63
Brussels	C	9	48	Istanbul	F	12	54	Nwcstl.	C	5	41	Tenerife	F	20	68
Budpst.	C	8	46	Jersey	C	8	46	N Delhi	C	28	82	Tokyo	S	11	52
Cairo	S	22	72	Jo'burg	S	28	82	N York	S	13	55	T'r'nto	C	3	37
Cardiff	C	9	48	L. Plms.	C	20	68	Nice	C	14	57	Tunis	S	24	75
Cape T.	S	26	79	Lisbon	F	11	52	Nicosia	S	17	63	Valencia	C	14	57
Chicg.	Sn	3	37	Locarno	R	6	43	Oporto	T	8	46	Venice	C	10	50
Cologne	C	13	55	London	C	9	48	Oslo	C	7	45	Vienna	C	10	50
Cpnhgn.	C	6	43	L. Angt	C	13	55	Paris	F	13	55	Warsaw	C	5	41
Corfu	S	16	61	Luxmbg.	R	8	46	Peking	S	19	66	Zurich	C	11	52

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Strikes at UK Customs depots to start at midnight

BY DAVID BRINDLE AND IAN HAMILTON FAZEY

STRIKES BY Britain's Customs and Excise officials will begin at midnight tonight at selected inland clearance depots. The aim is to halt freight exports through congestion at ports and airports.

Unions representing almost 250,000 civil servants believe that strategic disruption of Britain's export effort will prove a decisive factor in their campaign of industrial action over pay offers said by the Treasury to be worth an overall 4.6 per cent.

The Treasury made clear yesterday that there would be no last-minute improvement of the offers to the three unions concerned — the Civil and Public Services Association, the Society of Civil and Public Servants and the Northern Ireland Public Service Alliance.

The Treasury, after meeting union leaders, said in a statement: "These are very reasonable offers. A minority of civil servants have voted for strike action. Such action would help nobody."

The tactic of strikes at many of about 20 inland Customs depots was disclosed yesterday by Mr Terry Ainsworth, CPSA acting deputy general secretary.

He also outlined details of strikes which he said would close 64 main Social Security and Employment Department offices all next week in the north west and Wales.

It was later confirmed that the unions believe they will quickly cause extensive disruption at ports and airports by the combination of the strikes at inland depots and a national work-to-rule and overtime ban by all Customs officials.

The unions say export points such as Dover, which like London Heathrow Airport handles 25 per cent of all outgoing and incoming freight, will seize up under the extra workload.

Customs and Excise says it will ensure there is a clearance service at all ports and airports, if necessary by using managers to process documentation.

The strikes from Monday at Social Security and Employment Department offices, including Jobcentres, will be targeted in Manchester, Merseyside, Cardiff and Swansea. However, next Thursday and Friday all CPSA and SCPS members in the north-west and Wales will be expected to strike.

This action will affect each region of the UK in turn in coming weeks but the unions have set aside £500,000 of their £3.5m joint strike fund for the Customs strikes to continue throughout the next six weeks.

Details, Page 4

Plessey US arm wins Bell order

By David Thomas

PLESSEY has made a breakthrough in the US market with a $100m (£62m) order for public telephone exchanges from BellSouth, one of the large Bell regional telephone companies.

The order was won by Stromberg-Carlson, Plessey's US telecommunications equipment subsidiary. It is the largest from a Bell unit for a European-owned company since the Bell companies began looking for new suppliers after they were spun off from American Telephone and Telegraph in 1984.

Plessey's strategy for Stromberg is based on breaking into the Bell companies, and the BellSouth order, placed after lengthy evaluation, raises hopes for business from other Bell companies and the rest of the US tlecommunications market.

Under the contract Stromberg will supply South Central Bell, BellSouth's Alabama-based telephone operating company, with 600,000 lines of digital exchanges between 1988 and 1990. The exchanges are made at Stromberg's Florida factory, though Plessey has helped to improve the product.

About a quarter of the order is to be delivered next year, with some contract details for the following two years still to be worked out.

Mr David Dey, Plessey's managing director for telecommunications, said the order from BellSouth was substantially larger than he had expected.

Mr Dey expected the deal would lead to further orders from BellSouth and that it should improve Stromberg's chances of winning work from other Bell companies.

In 1986-87 Stromberg sold about $150m of exchanges to non-Bell companies.

Stromberg's public exchange is being tested by Pacific Bell and the company is discussing the possibility of a test with US West.

Sir John Clark, Plessey chairman, said: "It totally vindicates the Plessey strategy of acquiring a manufacturing base for telephone exchange equipment in North America."

Stromberg, acquired by Plessey in 1983 when it was incurring losses, began trading profitably recently.

Plessey said last year that its plans to triple Stromberg's sales by 1990 depended on its success in breaking into the Bell market. Plessey's view of Stromberg's future would have been much more modest without that success.

Continued from Page 1

C and W

Japan and Britain.

Mr Howard will stress that Britain expects to see early evidence of Japan's readiness to open its markets to foreign competition and will warn of possible retaliatory action unless the Japanese respond positively.

In particular, he will be seeking improved access for British companies to Japanese financial markets and will stress the Government's wish to see a firm timetable for this to be accepted in Tokyo.

Mr Paul Channon, the Trade and Industry Secretary, said yesterday he was sure a solution could be found which would open Japanese markets to British goods. He said progress would be reviewed in the early summer at a regular, six-monthly meeting between officials of the two governments.

On Thursday, the Department of Trade and Industry invoked provisions in the Financial Services Act enabling it to refuse or revoke licences for Japanese banks and insurance companies wanting to operate in London. Such action can be taken only in response to Japan's failure to grant reciprocal access to its financial markets by British banks and insurance companies, however, and would be separate from the C and W dispute.

Ministers are also still considering other sanctions, including possible measures to make it more difficult for Japanese businesesmen to obtain British work permits.

Mr Howard said yesterday, however, he did not want the Government to be forced to restrict Japanese financial operations in London.

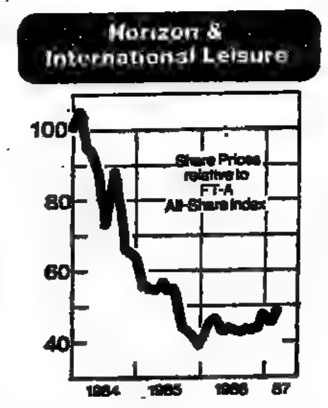
"I hope it will not come to that and do not think it will. I expect Japanese firms in London to talk to their government and to call for appropriate action. They have valuable advantages through operating in London and will not want to lose them."

THE LEX COLUMN

Pick on someone your own size

Last year the equity market reached a peak on April 3 and spent the rest of the year trying to regain that height. This year the FT-SE 100 index reached its latest all-time high on March 24 and has since fallen by 4.4 per cent. If the general election is not called soon, the market could be in for another dull summer.

Index fell 21.2 to 1546.4



Nomura

If there is any logic in the UK Government taking a side-swipe at Japanese banks and securities houses in London then it presumably derives from the belief that they are dumping capital in much the same way that their industrial cousins are supposed to dump consumer goods. Hence Nomura UK's rare emergence from its shell to counter loss-leader allegations by pointing to the £54.2m (£14.7m) pre-tax profit the London securities subsidiary reported in the year to last September.

The 10 per cent return on assets that £54.2m represents is not bad for a growing business but the figure should still be treated with some caution.

Nomura no doubt expected dumping allegations and the UK provides an attractive tax regime; the option of transfer pricing is readily available through many-centred Eurobond trading but the "good citizen" propaganda from the securities subsidiary is only an indirect defence against the (highly improbable) withdrawal of a licence from a banking subsidiary which so far employs only 35 people.

Nomura is, however, well protected by size, and by County Bank's receipt of a Tokyo securities licence at the same time that the London banking licence was issued.

Tour operators

Since Cliff Richard sang his way through Europe in the film Summer Holiday, foreign travel has become a mass market pursuit and for some years tour operators were able to make good profits out of herding tourists to Torremolinos.

But even with the market growing rapidly at times, the drive for market share has made the last few years as unpleasant for the operators as their less-fortunate customers. Just when it looked as though Horizon and International Leisure (ILG) were about to rebuild margins, another skirmish has broken out in the long-running price war.

That may be coincidental to yesterday's news that Bass had made an agreed bid for Horizon, and the decision this week by ILG to take itself private once more. But it appears that a package tour company keen to build market share rather than stick to the niches, can only do so with the backing of richer and more patient shareholders than those found through the stockmarket.

Bass has the cash to back Horizon's "marketing" and build some more hotels, while Harry Goodman may be readier than the City to put up with flat profits from ILG for a few years, whatever his record of share sales may suggest.

As for the exit prices, Horizon's shareholders would have done better had Grand Metropolitan's bid emerged and succeeded three years ago, but even so 185p is twice the recent low. While Horizon's closing price of 194p, up 30p, suggests that all is not simple, the price does exceed asset value and the exit p/e is fairly staggering. What that will mean for ILG's self-pricing remains to be seen, but Mr Goodman may find himself more expensive than he first thought.

Philippines Fund

You want to be locked into a high risk investment; but you are afraid that the equity stage of the Channel Tunnel will be massively oversubscribed.

Then the Philippines Long Term Equity Fund is for you. Managed by the Thornton Group, this is a highly innovative offshore fund which will attempt to take advantage of a recently enacted Philippines law allowing the country's heavily discounted dollar debt to be converted at par value into Filipino equity.

The local stock market has risen two-and-a-half-fold over the past 15 months, but the major stocks are still valued at multiples of only around 7 times prospective earnings.

Following the popular vote for the new constitution and last week's successful debt rescheduling, the political risks have lessened significantly. But investors in the Thornton fund will be locked in for up to six years, because of the tight guidelines set by the Central Bank of the Philippines on the re-sale of equity which has been purchased at cut-price rates.

Most investors would probably wish to invest in the Philippines at normal rates and be able to sell freely but with a minimum investment of only $10,000 the Thornton fund is well suited for institutional punts. It also appears that for a 1 per cent annual fee the fund will be insured by Hogg Robinson against expropriation. That is almost spoiling the fun.

BP

Anyone who thought the Government would sell its 32 per cent stake in BP at a fancy price to some investment bank with a compliant distribution network should think again. The company's announcement that it would divide its shares into three makes it clear the Government is determined to make the issue as attractive as possible as an offer for sale directed at small UK investors.

There can be little doubt that the idea of the split came from BP's largest shareholder. Of course the scrip makes absolutely no difference to the value of shareholdings in the company, but the UK private investor is notoriously hostile to heavy share prices.

The Americans—whom BP is currently wooing—are of an opposite persuasion, which is why the company will negate the effect of the scrip issue by trebling the number of shares in each ADR.

More than $15bn has chased BP's request for a $5bn syndicated loan to finance the tender offer for Standard Oil — which only goes to show how generous the banks found BP's terms.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd, Bracken House, Cannon Street, London EC4P 4BY.
V

WEEKEND FT

Saturday April 4 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Richard Rolfe on the latest plans to produce electricity from the sea

Taming the tide

INTO THE teeth of the south-westerly gale, my companion shouted to me: "Why do they want a barrage? A few big windmills are enough."

We were on Brean Down, the rib of the Mendip Hills which runs out into the Bristol Channel immediately south of Weston super Mare. Ten miles away, the Welsh coast was just visible, while below us the Severn tide surged up the estuary. After Newfoundland's Bay of Fundy, the Severn has the biggest tidal range in the world, about 35 ft at this point.

By the turn of the century, however, the scene will have been transformed if the members of the Severn Tidal Power Group — Sir Robert McAlpine, Balfour Beatty, GEC, Northern Engineering, Taylor Woodrow and Wimpey—have their way. The STPG proposes to build a barrage from Brean Down to Lavernock Point in Wales at a cost, in January 1984 money, of £5-5bn.

A barrage is a sea wall across a river, bay or estuary. The 10-mile Severn barrage, sited where the water is up to 100 ft deep, would be constructed from giant hydraulic structures, or caissons, each 215 ft by 240 ft or, in the words of one STPG executive, "each as big as the Army & Navy Stores."

Some of these are sluice caissons, allowing the tide to flow upstream when their gates are open. On the ebb tide, the sluices are closed and power is produced by 192 turbine generators mounted in the other caissons. The planned installed capacity of 7,200 MW would be enough to produce 6-7 per cent of the UK's present electricity demand.

But the Severn scheme, together with a smaller barrage planned for the Mersey, might be only the beginning. The Department of Energy is sponsoring a £5.5m programme to investigate tidal energy resources which includes evaluation of up to 120 possible small barrage sites around the coastline, mainly on the west coast where the tidal range is greatest. Peter Walker, the Secretary of State for Energy, regards tidal power as "one of our most promising renewable energy resources."

Such sentiments disturb some conservationists greatly. The Royal Society for the Protection of Birds believes that barrage plans and the threat they pose to estuaries represent "a conservation tragedy of truly international proportions." The society's director general, Ian Prestt, describes it as "the most important long-term issue facing British conservationists."

To the developer, an estuary is a wasteland of grey-brown mud: the sooner it is put to economic use, the better for everyone. Much of modern Holland, and even East Anglia, has been reclaimed on this basis. But to the bird-watcher or natural scientist, an estuary is a treasure trove of bird and marine life.

The unique importance of British estuaries lies in their role as wintering grounds for the numerous species of wildfowl and waders which breed in the high Arctic during the summer. For these birds, winter refuges are relatively limited: most of the Baltic is frozen, the Mediterranean has few estuarine habitats and the Atlantic coasts of France and Spain are inhospitable. Some birds migrate to North Africa, but wildfowl and wader counts carried out over the past 17 winters by the British Trust for Ornithology (BTO) indicate that up to half the populations of some species winter in the UK.

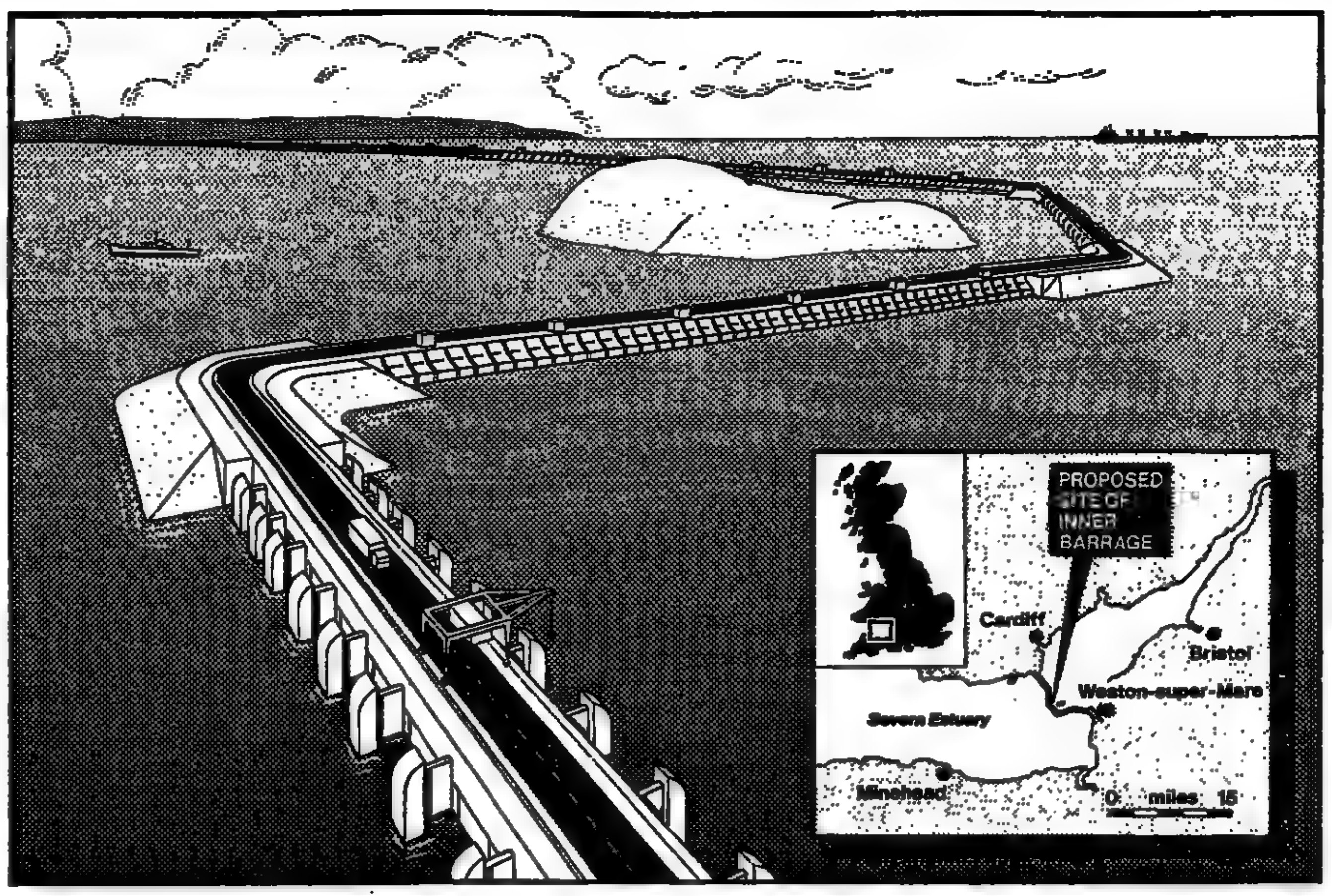
Estuaries are not unsightly mudflats in need of economic development, says the RSPB, but "a vital link in a chain which spans half the globe." In fact some estuaries are subject to international obligations undertaken by the British Government which, according to Art Lance, RSPB's director of conservation, "the Department of the Environment has stated publicly that it will honour."

An EEC directive of April 1979 on the conservation of wild birds commits the British Government to preserving wetlands of international importance. The directive required member states to implement national legislation within two years, one result of which was the Wildlife and Countryside Act of 1981. This act in turn required the Nature Conservancy to identify and notify sites of special scientific interest" (SSSIs) and gave these sites substantial statutory protection.

Most of the Severn estuary is a series of overlapping SSSIs, as is the non-industrial portion of Merseyside. Part of the Severn — the Bridgwater bay complex—is also internationally protected under the Ramsar Convention, a treaty which the British Government signed in 1976, named after the town in Iran where the convention was adopted.

The protection of birds of considerable importance to the RSPB's 400,000 members and many others is not the only conservation issue raised by barrage schemes. The use of tidal energy creates unusual dilemmas for conservationists. On the one hand, there is the loss of intertidal habitats, with possible prejudice to a variety of birds; on the other, harnessing the tides could reduce reliance on coal-fired and nuclear power, with the attendant acid rain, waste disposal and safety problems.

Ornithologists are not agreed that barrages are automatically bad news for



Line on Line

birds. Professor Geoffrey Matthews, research director of the Wildfowl Trust at Slimbridge, says he is "neutral" on the impact of the Severn scheme, mainly because of lack of evidence. He is more worried about the Mersey, where up to half the winter count of pintail, an elegant surface-feeding duck, is found. Most of the rest of Britain's pintails winter on the Dee, and there is doubt over where the Mersey flocks could go if displaced.

Barrage promoters claim that estuary habitats could even be improved by a reduced tidal range. Sir Robert McAlpine's Dr Tom Shaw, an evangelist for the Severn scheme since the late 1960s, feels that the carrying capacity of the estuary would be increased. At the spring tides, up to 30m tonnes of fine particles are suspended in the river.

Shaw claims the scouring effect of the twice-daily tide has created "an ecological desert" in the Severn and says: "It is ecological nonsense for the RSPB to jump up and down." But the estuary is an important refuge for dunlin, a small wader which feeds almost continuously (because of its slight body size) in the intertidal zone. The BTO counts indicate that the Severn holds up to 10 per cent of the western European winter population. A lower tidal range above the barrage would seriously reduce the dunlin's feeding grounds, even if the quality of what remained were improved, as Shaw believes.

The Severn Barrage Committee, under Sir Herman Bondi, reported in 1981 that the barrage offered the possibility of attracting new birds to the area, particularly reed-dwelling species. But the RSPB is dubious about this idea too. "On the whole, those which respond to some artificial compensation are those which are already abundant," says Lance. Nor does he think it likely that the estuary will develop a higher carrying capacity since land reclamation in Holland has not led to new sites for waders.

In the intertidal zone, waders feed on prey such as ragworm and lugworm, as well as smaller marine invertebrates. Shaw contrasts the wader populations of the Severn with much larger densities in areas like Chichester and Langstone harbours—a consequence, he suggests, of more stable conditions, such as would be found upstream of the Severn barrage. "I'm going to form a society for the improvement of marine invertebrates' environment in the Severn," Shaw says, tongue in cheek.

Prestt and Lance may not see the joke. The RSPB's charter, the desires of society members, the steady loss of habitats and decline of numerous species, make it imperative for them to oppose barrage or estuary reclamation schemes—with all means at their disposal. "The loss of 10 per cent of the dunlin population simply isn't acceptable," Lance says. "Those birds can never be replaced—and we lose any moral authority we might exercise over other countries' conservation policies."

On the Severn, the issue might be seen to boil down to whether the threat to the dunlin outweighs the need for a benign, renewable energy source. On Merseyside, the conflict is starker. Human deprivation here is visible and well-documented. "The figures show the desperation," says Desmond Pitcher, chief executive of the Littlewoods mail order, chain stores and pools group, who is also chairman of the Mersey Barrage Company.

Pitcher believes that the Mersey barrage would create a focus for regeneration along Merseyside, where 34 per cent of the economically active population are unemployed and nearly half the school children receive free meals. The £450m scheme is simpler than the STPG's, and little over a mile in length. The Mersey barrage would be financed within the private sector, but possibly with substantial EEC aid. The scheme would have an installed capacity of up to 621MW, taking advantage, like the Severn, of the river's large tidal range.

Construction would be by means of progressively extending a sand island, probably across the estuary mouth, using two large sunken oil tankers as coffer-dams, and refloating them once the structure had reached the required strength. Because of the differences in construction technique, the Mersey's lessons for the STPG may be limited, but it could have a bearing on other estuary barrages if they are given a go-ahead.

Pitcher says the main question he has been asked about the barrage's environmental effect is, what will happen to the fish? He has been able to be reassuring. Studies on the Severn, an important migration route for salmon and eel, as well as at Rance in Brittany, the only operating barrage in the world, indicate that fish pass through the barrage turbines without difficulty. While the term turbine suggests blades revolving at high speed, those in tidal barrages turn only at the flow speed of the water, or a maximum of about 35 mph. The Severn's turbines would turn at just under one revolution per second. A fish passing through the system would rotate through about 130 degrees before coming out on the far side.

Local naturalists, however, say the river is so polluted that it is technically dead, and it is unlikely fish would want to pass from the sea into the dammed area upstream of the barrage. But by 1995, the first stage of a massive programme to improve the basin's water quality will have been completed, and there are hopes that fish will return, as they have to the Thames.

However important the estuary is to pintail, the human background to the Mersey barrage scheme means that the RSPB will get short shrift from its promoter. "I always say" says Pitcher, "it must be a rare bird if it has survived on the Mersey." But if the issue is cast in "birds versus people" terms, powerful voices will be saying that people must take priority—as Catholic Archbishop Derek Worlock already has, on BBC2's *Split Screen* programme discussing the barrage.

Rendel-Parkman, consultants to the barrage company, are taking conservative concerns very seriously. Handley insists they are "not a fringe issue."

The RSPB resents being categorised as the bird lobby in a birds versus people issue. In cases such as the Mersey and Severn barrages, says Lance, the society tests the economic evidence and presents conservation evidence: "What we often complain about when we lose is not that we lost, but that the case was decided on the wrong premises." The RSPB does not get into arguments over whether birds are more important than people, he adds.

According to the Department of Energy, barrage schemes "will stand or fall on their energy economics." The STPG calculates that at 3.1p/kwh, tidal power costs are in line with nuclear power and less than the CEGB estimate of 4.29p/kwh for coal-fired plant. When the Bondi committee reviewed the Severn proposals, it assumed that a major programme of nuclear power station starts was improbable—a view perhaps undermined by the decision to proceed with Sizewell B—but argued that nuclear power was economically preferable to tidal power "if the option is available."

Bondi also wrote that "all other economic considerations, such as road crossing and potential recreational benefits, are either relatively unimportant or too speculative to affect the decision." But in the meantime, the STPG has become more assertive over the non-energy benefits of the barrage, as has the Mersey group. Most obvious is the effect on employment. The Severn scheme would create 44,000 jobs directly during construction, with another 22,000 indirect jobs. Mersey would generate 5,000 jobs during construction.

In the new round of consultations and research into the impact of barrages, announced recently by Energy Minister David Hunt, an extensive programme of environmental studies h[...] been set in motion for 1987-88. When they end, a full environmental impact assessment should be possible.

"It will be six years before anyone can put a finger on the button to start the project," says Shaw, which means that there is still the opportunity, given a seven-year construction period, to shoot for initial power generation by the year 2000. On the Mersey, Pitcher hopes to authorise construction by 1989 "if there are no obstacles." But naturalists charge that too little time and funding have been allowed for ecological studies. Bondi, notes Matthews, who also sat on the committee, called for a £20m programme over four years: "We're getting £1m over 18 months, six of which have already gone."

The passions aroused, and the importance of the issues involved, make it certain that the final decision on the Severn and Mersey schemes will be taken not a million miles from the cabinet room in 10 Downing Street. If barrages get the thumbs down, the government of the day will be accused of ignoring the potential for benign energy, job creation, regional development and work for the construction industry. On the other hand if it gives the go-ahead, it will be charged with destroying a vital link in the world's chain of wetlands, decimating bird species, ratting on international obligations, and trampling all over its own conservation policy. Pressure for a compromise solution will be intense; but it is hard to see, at the moment, what it might be.

The Long View

Pride comes before a fall

The City scorns talk of anything that might interfere with its "right" to make lots of money. Anthony Harris argues that this bull market machismo should be treated with contempt

STEPHEN LEWIS is a monetary economist who is very highly regarded in the City. He is not, however, a man who would spring to mind if you were trying to fill the role of Tarzan. Much the same could be said of Gavyn Davies. Both of them however, leapt into the trees and started drumming on their chests on Wednesday, when it was temporarily believed that Nigel Lawson, the Chancellor of the Exchequer, had at last committed himself to a definite target for the exchange rate.

Hostage to fortune, they said (in the City equivalent of a jungle howl). Open invitation to speculators to have a go.

Now I am perfectly aware that these gentlemen feel that they have to say something when journalists ring them up; every City analyst is required to double as a public relations officer. All the same, I am sorry that they chose to propagate this fashionable nonsense.

Perhaps it is because sitting behind a screen all day is not a very manly activity, and even grabbing three telephones for the benefit of a passing TV cameraman offers only a very short boost for one's self-esteem. Whatever the cause, the effect is to discuss market trades in completely misleading warlike terms.

The fact is that dealers do not spend their time "testing the resolution" of central bankers or Chancellors, like aspirant gunmen in a Western. They simply try to forecast markets—like any other investor, only quicker. If they think there is about to be an EMS revaluation, for example, they hasten to buy cheap D-marks while stocks last, as any sensible person would.

It is true that if some foolish German minister has tried to deny the obvious (as they sometimes do) then what fol- [...] dealers to enforce their will on a sovereign Government. In fact, though, they are not engaged in financial arm wrestling, but simply placing bets, at very favourable odds.

If there is any real machismo involved, it is to be found among central bankers. More than 20 years ago the Bank of England scored a notable coup in the Paris money market, which had been putting some rather heavy, and premature, money on a sterling devaluation.

The Bank exploited French habits. It let things run all morning, and then bought up every pound on offer while all the senior traders were enjoying a Parisian lunch.

The Bank made a lot of money at the expense of the French houses in the resultant bear squeeze, and it was some time before any French dealer went seriously short of sterling again. This was such an unusual event, though, that some of the officials involved were still inclined to bask in the sheer glory of it a full 10 years later.

The rules were different in those days, of course; central banks were solemnly bound to support their exchange rates within very narrow limits, and movements outside those limits were quite rare events.

The speculative "raids" in between times virtually never showed a profit; but they did offer a fairly cheap insurance against heavy losses at suggestive times—long weekends, or meetings of finance ministers.

It is in the very different world of today, where rates are volatile and official stabilisation efforts are fitful and ambiguous, that all the chest-thumping goes on. This kind of account of foreign exchange dealing really isn't plausible.

When the markets mark the dollar down despite the Paris agreement, they are not really engaged in a challenge, but in what bridge-players call a discovery play. They want to know what exchange rate the authorities are actually prepared to back.

Once this is discovered, some investors will take the opportunity to sell their holdings to their central banks, because opportunities to switch really large sums from one currency to another without moving the price against onself are rare. Others will happily buy the dollar securities they were planning to buy all along, because intervention reassures them that the downside exchange rate risk is to some extent limited.

When official policies change, as they have in recent weeks, when the Americans decided to test Japanese nerves by letting the dollar sink below what Tokyo had hoped was the agreed floor, the discovery play has to be made again; and then things calm down once more.

Why am I labouring to establish this relatively prosaic account of what really happens? Partly because I hope it helps ordinary investors to understand the news; but also because, especially at the end of a long bull market, there is a danger that City operatives become intoxicated with their own propaganda.

For instance, I recently heard some very senior financial executives and analysts arguing that it is actually unthinkable that the present wave of deregulation will ever be reversed. Their own ingenuity, they pointed out, would quickly invent a route round any annoying obstruction which sovereign governments might want to erect.

This is not only demonstrably untrue now, as witness the highly effective controls imposed by many countries at this moment (try investing in Taiwan, for example, or getting capital out of the Irish Republic). It is also liable to become generally untrue when we suffer the next big shock to financial confidence. That is when these macho men go rushing to their central banks begging for any seal of approval which will sustain the confidence of their customers.

Remember London after the secondary bank crisis, or the "flight into quality" in 1982, or the Conti failure, and ask yourself if you trust the judgement of people who talk like this.

Remember that for every report you read of challenging the authorities, you will read another of dealers "frightened of intervention." Tough, huh?

• C O N T E N T S •

• MARKETS •

Mood turns jittery

IT FINALLY happened. The extraordinary rollercoaster which has sent the London market soaring ever upwards since the start of the year at last took a severe plunge this week as a mood of boundless optimism turned decidedly jittery.

But London was in large measure following the lead set by New York and Tokyo as all three markets reacted to the mounting trade tension between Japan and its Western partners. With the dollar dropping to a new post-war low against the yen, there was growing concern about the impact of all this on the West's delicate currency stabilising agreement.

The event which really set the markets plunging was the US decision to take its first unilateral trade retaliation since the Second World War, and sharply increase the import price of numerous Japanese electronic products. After absorbing the implications of this over the weekend, the securities markets in New York, Tokyo, and London all fell sharply on Monday, with the UK recording its largest daily fall in index points terms. The FT-SE 100 share index shed 46.1, to close at 2,002.5.

And for the rest of the week it was largely more of the same, with specific Anglo-Japanese trade anxieties added to the pot as British ministers threatened to refuse licences for Japanese banks, and conflicting signals emerged from Tokyo as to the probability of Cable & Wireless getting a foothold there in the supposedly deregulated telecommunications market.

The downward trend was reinforced by another transatlantic factor: Tuesday's increase in US prime lending rates. This was the first upward movement there since mid-1984, it underlined the diminishing confidence in Britain that interest rates here are likely to see another quick post-budget drop.

As a result, the yield on gilts, which had dropped well below 9 per cent in the immediate aftermath of the budget, continued to creep up. By Thursday night the FT-A high coupon longs index was showing 9.2.

London

Further uncertainty was created by remarks from Mr Nigel Lawson, the Chancellor, at a Neddy meeting. He left the markets in some confusion about exchange rate policy: while a bout of fiscal year-end selling by small investors, wishing to crystallise capital gains tax allowances, served to underline the bearish sentiment.

All of this gave plenty of opportunity for a chorus of "I told you so's" from the multitude of analysts who had been saying for weeks that the market was overheated, had only good news factored into its equations, and was vulnerable to a major correction in the event of unexpected shocks.

But the gloom can easily be exaggerated. The correction of the past week may have been dramatic, but seen against the bull run since the start of the year, it is rather less so. The FT-SE 100 rose from 1,679 at the start of January to a peak of 2,056.2 on March 24, while last night it closed at 1965.1.

It could have some way yet to fall, with the continuing trade and domestic political uncertainty. Yet the general consensus among brokers' analysts seems to be that the market is fairly underpinned not far below its current level. While it may have difficulty making progress in the short-term, the outlook for economic and dividend growth, against a background of continued low inflation and good institutional liquidity, gives some upside potential — provided, that is, there are no more violent shocks.

Certainly, one of the busiest weeks in the reporting season produced a further crop of good company results — notably from composite insurer Sun Alliance, Bunzl and Reckitt and Colman.

But there were also some shocks; none more so than that delivered by Kleinwort Benson Lonsdale, the merchant banking group, which came in with full-year pre-tax profits of £78.8m. That was 31 per cent up on 1985, but after very strong interim figures the market had been expecting far more—estimates had ranged widely, from about £95m to £115m.

But it transpired that in the second half, profits were dragged down by the costs of preparing for Big Bang, heavy losses on gilts trading, a series of bad loans and a loss-making foray into ship-breaking. Just what all this portends for 1987 is far from clear—particularly given the practice of merchant banks to cloak their accounts with mystery. But with the impact of Big Bang still very uncertain, the height of the takeover boom probably past, and this week's presentational hiccough, the market was not in the mood for taking much on trust and the shares fell heavily.

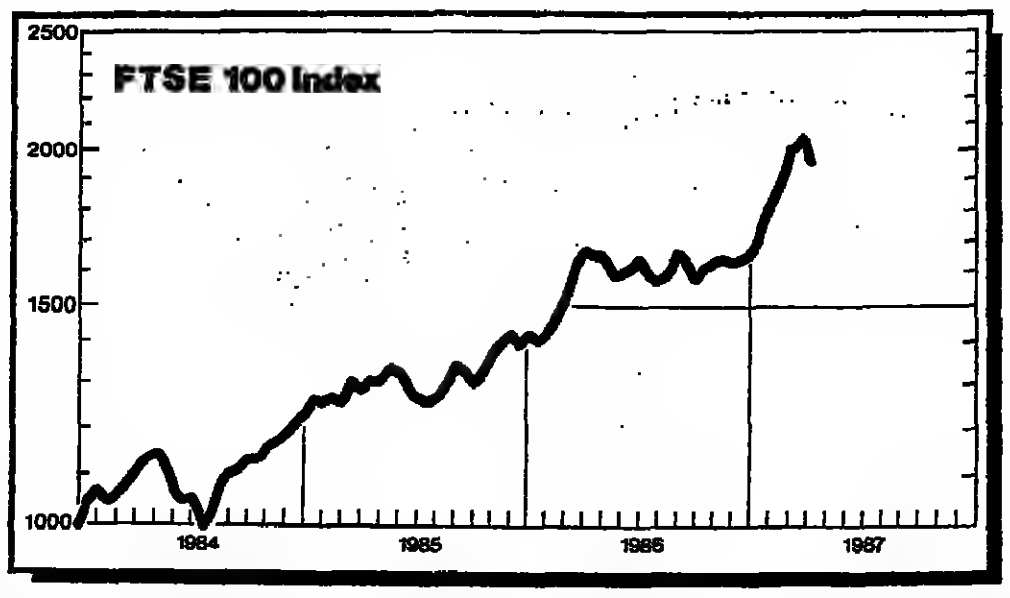
It was also a heavy week for takeover activity, but largely in the form of agreed bids. Woolworth Holdings launched a £233m offer for Superdrug, the discount drug store chain, with the blessing of that company's board. The deal came only a week or two after Woolworth had abandoned takeover talks with Underwoods, the London-based chemists' chain when the two sides could not agree on price.

The Superdrug bid seems much better — the company, which pioneered the drug store concept, has a national presence which will allow Woolworth, in its dynamic new image as a specialist retailer, to try to take on Boots, the market leader. Superdrug is on a multiple in the mid-30s, which is not exactly cheap, but drug stores is an extraordinarily fashionable sector and Underwoods is on an even higher rating. So while there may be some initial dilution, the deal seems to make a good deal of senes for Woolworth.

Meanwhile, Ranks Hovis McDougall raised its hostile offer for fellow food manufacturer Avana to value the Cardiff-based company at around £280m. Through buying in the market it also raised its stake in the company to more than 30 cent, and it now looks fairly well placed for victory.

That said, Avana keeps muttering about a number of potential white knights hovering in the background—British, French and American suitors have been suggested—and one of these could yet materialise. With the Rank offer underpinned by an 800p a share cash alternative, small investors should probably hold on to their shares for the present and pray for someone to come galloping over the hill to the rescue.

Martin Dickson



Tighten seat belts

THE "TIGHTEN seat belt" sign is flashing on Wall Street. Having just notched up the second-best quarterly performance since the Second World War, the US stock market has run into a spot of turbulence this week which delayed its takeoff into the uncharted territory of the second quarter.

Indeed, the events of the last seven days have even aroused fears that the market's recent record-breaking mission may have to be aborted until conditions improve.

The news that President Reagan was imposing trade sanctions on the Japanese, in a bid to stop them "dumping" computer chips, has raised the spectre of a trade war between the world's two most powerful trading nations.

As a result the financial markets started the week in a decidely nervous mood. They have taken quite a battering. On Monday the Dow Jones Industrial average posted its third worst daily decline, dropping 57.39 points, and the US bond market was abruptly shaken out of its long slumber by the behaviour of the dollar, which has looked decidedly shaky all week despite efforts by the world's central banks to prop it up.

Tuesday's news was equally gloomy, with Citibank leading the way with the first prime rate increase in almost three years.

The next day, several of its major rivals underlined the serious problems facing one of their biggest customers by putting their Brazilian loans on a "cash basis" which will hurt their first quarter earnings. Finally, Mellon Bank, one of the most famous names in US banking, shocked the financial markets on Thursday by announcing that it was halving its dividend and reporting its first quarterly loss in its distinguished 118 year history.

By Thursday evening the price of the US Government's long bond had fallen by about 4.5 points, and long bond yields had risen by 40 basis points to 7.94 per cent.

Wall Street

Meanwhile, the dollar was testing fresh lows against the Japanese yen yesterday morning, followed the release of weaker-than-expected US employment data.

Given the bloodletting in the fixed interest market and the stream of gloomy news, the intrepid Wall Street aviators have remained in surprisingly good spirits. They have been quietly checking their instruments all week, confident that they would soon be given a chance for another crack at the 2500 level on the Dow Jones Industrial average.

The fact that the Standard & Poor's 500 index rose by more than 20 per cent in the first quarter of 1987, compared with a 14.6 per cent rise over the whole of 1986, has not dulled their courage. Shearson Lehman Brothers (which has a vested interest in the stock market going up because its parent, American Express, is trying to sell an 18 per cent stake to the public) was telling its clients this week that "the environment remains bullish."

"The trend is up. Corrections, while inevitable, should remain short-lived and relatively moderate in relation to the gains achieved," says Shearson.

The bulls on Wall Street remain convinced that this week's market turmoil was no more than another brief pause on the stock market's upward flight.

Among the blue chip stocks, the main interest has centred on IBM, which this week unveiled its new line of personal computers designed to hit back at the cheap Asian imports which have halted its earnings growth over the past two years.

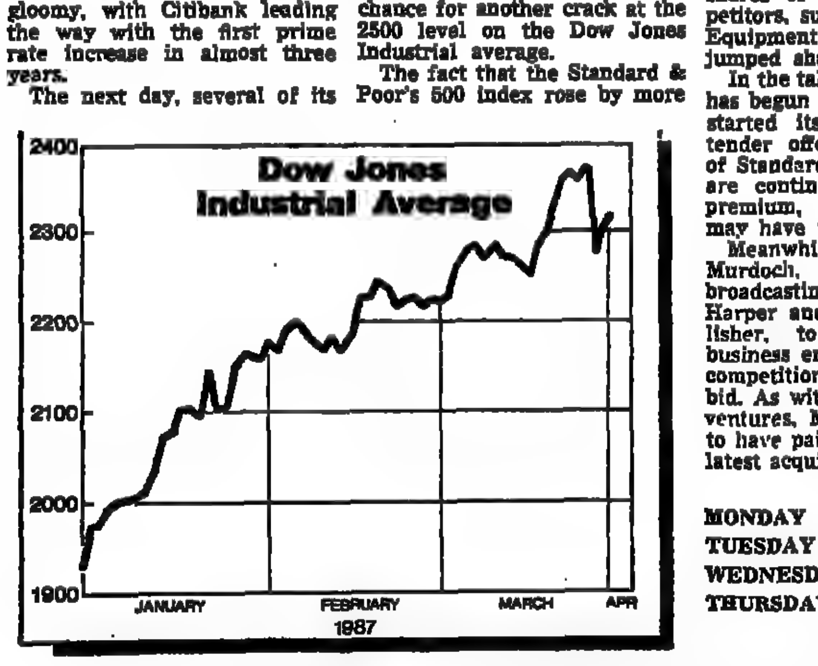
If IBM's earnings are to begin moving ahead strongly, this week's initiative will have to succeed. Unfortunately the initial reaction of the stock market was muted: IBM shares dropped below 150, while the shares of several of its competitors, such as Apple, Digital Equipment and Compaq, jumped sharply.

In the takeover arena, activity has begun to pick up again. BP started its $70 a share cash tender offer for the minority of Standard Oil, but the shares are continuing to trade at a premium, indicating that BP may have to increase its offer.

Meanwhile, Mr Rupert Murdoch, the newspaper and broadcasting magnate, added Harper and Row, the US publisher, to his international business empire by topping the competition with a $65 a share bid. As with many of his other ventures, Mr Murdoch appears to have paid top dollars for his latest acquisition.

MONDAY	2,278.41	−57.39
TUESDAY	2,304.69	+26.28
WEDNESDAY	2,316.05	+11.36
THURSDAY	2,320.45	+ 4.40

William Hall



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1546.4	−74.2	1625.2	1094.3	Fears of trade war with Japan
AB Electronic	373	−60	437	185	Comment on preliminary figures
Asset Trust	85	−20	106	67	Talks with third party discontinued
Authority Invs.	420	+50	459	65½	Acquisition and proposed fund-raising
Avana	805	+49	807	458	Increased bid from RHM
Beazer (C. H.)	222	−44	271	152	Profit-taking after results
Central Norseman Gold	£10½	+ 3½	£11	400	Proposed bonus issue
Chloride	77	+10½	77½	37	Reorganisation proposals
Gold Mines Kalgoorlie	324	+86½	324	63	Four-for-one share split
Horizon Travel	194	+21	194	92	Recommended offer from Bass
Kleinwort Benson	515	−80	642	376½	Disappointing annual results
Markheath Secs.	121	+56	121	44	Adsteam acquires near-50% stake
Media Technology	158	+42	220	86	Bid approach from Lee International
Metana Minerals	603	+70	623	87	Trebled interim profits
Reed Executive	573	+57	573	268	Profits forecast
Sons of Gwalia	600	+107	600	143	Buoyant Australian golds
Superdrug	653	+173	665	412	Agreed bid from Woolworth
United Leasing	260	+17	282	126	Cash bid from Inspectorate Intl
Walker (Alfred)	228	+43†	243	90	Property companies acquired

† Change based on price at suspension.

Steak loses its taste

FEW THINGS are less palatable than a tough steak, and a rash of resignations this week indicated that two directors and the stockbroker of Aberdeen Steak Houses have lost their appetites.

The problems stem from a High Court ruling last July that Aberdeen had underpaid six members of staff in contravention of the Wages Council Act. Last month, Aberdeen lost its appeal against the decision and now faces the possibility of legal action from more than 100 former workers who are claiming underpayment.

Two of Aberdeen's directors, Stephen Cockburn and William Spouse, resigned and said they had been assured the claims were without foundation. "We now feel it is not appropriate to remain as directors," Cockburn added.

Fiske and Co, which has been broker to the company since it came to the market in 1985, resigned on the same day, saying merely that the court case "would have had a bearing" on the decision.

Aberdeen has been surrounded by controversy since its float. Adverse publicity then focused on the fact that the company's chairman, Alih Salih, previously owned London Eating Houses which went into liquidation in 1975 with debts of £750,000. In addition, a row led to the departure of Aberdeen's company secretary and chief accountant, Aziz Suleman, just before the issue.

Although the group made no profits forecast in the prospectus, its first full results after listing revealed a disappointing drop in profits to £813,000. In the following year, the Libyan and Chernobyl factors kept tourists away and the company slipped into the red in the first six months of 1986, reporting pre-tax losses of £229,000. Figures for the full year are still awaited.

Junior Markets

Aberdeen has never been exactly fulsome in its contacts with the press; Cockburn usually acted as its spokesman and the remaining directors were unable to comment on the group's future plans yesterday. Aberdeen's solicitors said that, in fact, the company had written in January asking Fiske to resign, "because relations were incompatible."

All stock market companies are required to have a broker, although there is no time limit for replacing a firm that resigns. But decisive action might well come from an outside party; the share price is now at a high for the year and, with the bulk of its properties concentrated in the West End, it could be that a bidder is eyeing the group's break-up potential.

Another USM group with disappointing news this week was Scanro Holdings, the surfboard and leisurewear group which joined the market in August 1984. Despite a 54 per cent increase in sales, the group's pre-tax profits slumped from £550,000 to £276,000 in 1986.

Scanro pointed the finger at poor weather conditions in Europe in the first half and the dumping in the US of stocks of European surfboards. As yet, there has been no sign of a significant benefit from Trimdon Clothing, the leisurewear manufacturer which Scanro acquired last July.

Last year, in the wake of the poor response to the Mrs Fields' flotation, the prospects for US companies joining the London stock market looked dim. In November, TM Duche Nut Company withdrew its plans for a main market listing; the following month, SPM, a stationery manufacturer, abandoned its offer for sale.

Orchid Technology, a Californian software house, pulled its USM flotation in January only minutes before a press conference scheduled to announce the launch. At the time, broker Phillips & Drew described the reason as "technical difficulties"; but a more pressing factor was, in fact, a lack of institutional enthusiasm for the issue.

Now, after a more intensive marketing campaign, Orchid is returning to the market with a placing that values the group at nearly £27m. The hiatus has allowed Orchid to change its profits estimate to a definite forecast, with pre-tax profits set to rise sharply to $6.5m this year from $1.78m in the previous period. The more precise news has ensured a better reception for Orchid this time.

The group has a truly international flavour, with a South Vietnamese chairman and an Iranian finance director. Although overseas sales constitute around 20 per cent of turnover, lower issue costs and less onerous reporting requirements appear to be the main reasons for joining the USM.

Orchid manufactures add-on boards which are slotted-in to IBM and IBM-compatible computers to improve performance factors like speed and memory. The bulk of the funds being raised—around £4.5m—will be used to finance expansion and, at the placing price of 106p, the shares are on a prospective p/e of 11.9.

Results Due This Week appears on page 8

The much-maligned Third Market is set to complete its first vendor placing next week. Catalyst Communications, a public relations and marketing group, is buying a contract sales promotion group called Peter Miles for £900,000.

The acquisition is being funded by the issue of around 24 per cent of the expanded group's equity, with the shares being placed on the vendor's behalf by Brewin Dolphin. In the wake of the publicity about the decline in the market's index and its sluggish liquidity, it is encouraging that institutions were willing to accept Catalyst shares at only a 10 per cent discount.

Philip Coggan

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.00	4.07	3.07	2.23	monthly	1	—	0-7
High interest cheque	6.20	6.35	4.78	3.48	quarterly	1	1,000-4,999	0
High interest cheque	6.60	6.76	5.09	3.70	quarterly	1	5,000-9,999	0
High interest cheque	7.00	7.19	5.42	3.94	quarterly	1	10,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.59	3.34	half yearly	1	1-250,000	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.03	4.38	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.40	4.66	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.59	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.74	4.90	half yearly	1	500-9,999	90
90-day	9.00	9.20	6.93	5.04	half yearly	1	10,000-24,999	90
90-day	9.25	9.46	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.58	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.53	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.36	7.49	5.65	4.11	half yearly	1	2,500 minimum	0
Schroder Wagg	6.63	6.83	5.15	3.74	monthly	1	2,500 minimum	0
Provincial Trust	7.85	8.14	6.13	4.46	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.16	7.04	5.63	4.46	half yearly	4	—	0
10pc Treasury 1990	9.17	6.51	4.74	3.26	half yearly	4	—	0
10.25pc Exchequer 1995	9.35	6.67	4.88	3.39	half yearly	4	—	0
3pc Transport 1978-88	7.00	6.16	5.60	5.14	half yearly	4	—	0
2.5pc Exchequer 1990	6.87	6.13	5.64	5.23	half yearly	4	—	0
Index-linked 1990¶	6.56	6.01	5.65	5.34	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years, currently suspended. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Ang Nordic Hldgs¶	31½*‡	32	23½	2.99	Smidth (F. L.)
Apex	135*§	130	145	14.54	Randsworth Tst
Avana Group	801§	805	480	279.71	RHM
Baker Perkins¶	324½	320	355	129.42	APV Baker
Barrow Hepburn	84‡	81	42	27.91	BTP
Barrow Hepburn	74½§§	81	72	24.76	Yule Catto
Berisfords¶	174½‡§§	178	137	9.56	Ferguson Indl
Brit Car Auction	242§	242	236	189.12	Hawley Group
Browns (C.) Car Parts	316*	311	270	18.96	Woolworth Hldgs
Burns-Anderson¶	115*	146	—	23.64	Dudley
Centrovincial Ests	443	315	278	69.54	Gilbert House
Chambrin Phipps	132	157	130	47.95	Wardle Storeys
Datuserv	191	178	200	62.91	Bell South Corp
Debron Invs	72*§	70	49‡‡	17.05	Interface O'seas
Exco Intl¶	348§§	335	203‡‡	814.81	Brit & Comm
Europa Ferries¶	147½	145	231	341.73	P & O
Feb Intl¶	165	174	108‡‡	2.86	Tarmac
Feb Intl 'A'¶	112	118	78‡‡	5.72	Tarmac
Fothergill Hrvy¶	342	343	178	42.91	Courtaulds
Garner Booth	249	249	243	24.09	Pittard
Grosvenor Group	127§	125	120	7.91	BBA Group
Grosvenor Group	115†§	125	125	7.17	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Hillards	300¼	313	223	148.33	Tesco
Home Farm	195	190	113‡‡	9.11	Sutherland (E. T.)
Horizon	1.89§	187	164	9.47	Bass
Hurd & Wyndham¶	18*§	18	20	3.28	Intermediate Secs
Imp Cont Gas	700*	722	653	995.00	SHV
Imp Cont Gas	710*§	722	710	1.0bn	Tractebel GBL
Jekans Brns End	445*§	464	428	9.50	Bugge Eind A/S
London & Nth	93	88½	86½	103.46	Evered
London Pk Htls	837	813	700	41.98	Mount Charlotte
Mitchell Somers	247½	241	222½	39.90	Eagle Trust
Municipal Props	£34¾§§	£25	£24	16.76	Merivale Moore
Nationwide Leis	77½*	77½	77	8.30	Inspec E. & E. Grp
Norcros	456	434½	396	586.70	Williams Hldgs
Nottingham Brick	403§§	398	363	43.52	Marley
Pantherella	205	193	158	8.20	Gt Universal Strs
Peerless	208	201	175‡‡	27.06	Newman-Tonks
Sarasota Tech	225	212	107	39.73	Peek Hldgs
Scott Greenham	249	238	195	72.23	BET
Standard Secs	293	280	240	33.79	Local London
Superdrug	664	654	480	232.73	Woolworth Hldgs
Tesby	286½§§	289	217	50.42	Emess Lighting
Thermax¶	182	208	175‡‡	21.18	Heywood Wms
Trade Prom Servs	310§	297	251	18.07	EMAP
Utd Leasing	265*	260	231	38.28	Inspectorate SAE
Wettern Bros	160§	164	178	1.89	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 3/4/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acorn Computer	Dec	1,030	(2,940)L	1.5	(—)	—	(—)
Austri	Dec	6,070	(7,240)	11.1	(16.1)	6.5	(6.2)
Amec	Dec	30,500	(25,500)	30.0	(24.9)	12.0	(11.0)
Aquascutum	Dec	3,090	(1,770)	6.8	(4.2)	2.5	(2.5)
Arcoelectric	Dec	245	(283)	2.4	(3.1)	0.7	(0.7)
Arlington	Dec	7,050	(3,100)	9.1	(4.1)	2.2	(—)
Aurora	Dec	11,040	(9,090)	8.5	(6.8)	1.7	(—)
Billam J.	Dec	313	(232)	13.7	(11.1)	3.9	(3.5)
Bipel	Dec	1,200	(974)	4.5	(3.3)	—	(—)
Black A. & C.	Dec	533	(408)	—	(—)	7.2	(6.7)
Blackwood Hodge	Dec	8,800	(7,200)	6.3	(6.6)	1.0	(—)
Blockleys	Dec	2,280	(1,920)	83.6	(75.1)	30.0	(26.0)
Boddington	Jan	14,420	(11,760)	9.9	(7.2)	3.7	(3.2)
Bousted	Dec	380	(3,120)L	0.4	(—)	0.1	(—)
Brake Bros	Dec	5,630	(2,740)	10.0	(4.9)	—	(—)
BSG Intl	Dec	11,820	(6,520)	6.0	(3.7)	1.4	(1.1)
BPCC	Dec	80,300	(25,500)	25.2	(18.5)	14.0	(12.0)
British Syphon	Dec	2,680	(1,780)	8.0	(9.2)	4.0	(3.0)
Bunzl	Dec	3,390	(1,380)	—	(—)	4.2	(3.3)
Campari Intl	Nov	1,780	(494)L	19.5	(—)	3.0	(1.0)
CCA Galleries	Dec	487	(432)	7.4	(7.1)	2.7	(1.0)
Christies	Dec	18,390	(9,180)	23.7	(14.8)	7.5	(5.5)
Coates Bros	Dec	14,270	(11,520)	19.4	(15.8)	5.7	(4.6)
Combined English	Jan	21,800	(12,400)	20.1	(13.1)	9.0	(6.7)
Cookson	Dec	94,500	(56,700)	42.8	(35.1)	8.7	(—)
Delfor	Dec	2,000	(1,080)	15.7	(11.5)	3.3	(—)
Dewey Warren	Dec	387L	(1,010)	—	(—)	—	(7.5)
Dwek Group	Dec	960	(130)	7.4	(1.7)	3.5	(—)
EBC	Dec	1,320	(1,120)	19.8	(15.9)	7.0	(5.2)
Elys (Wimbledon)	Dec	478	(461)	27.2	(25.8)	10.5	(9.5)
Emess	Dec	4,310	(3,380)	18.6	(14.2)	6.3	(5.5)
Empire Stores	Jan	8,860	(5,790)	14.5	(10.8)	4.7	(3.7)
Esis & General	Dec	1,550	(1,400)	7.0	(6.6)	2.7	(2.5)
Evans Halshaw	Dec	3,560	(2,180)	19.8	(17.4)	4.2	(—)
Executex Clothes	Dec	452	(377)	14.3	(16.5)	1.0	(2.0)
Gaskell Brdlsom	Dec	1,320	(1,240)	17.5	(14.0)	6.0	(5.5)
Geest	Jan	8,530	(5,920)	10.8	(7.5)	—	(—)
Goal Pet	Dec	631L	(1,070)	—	(—)	1.0	(1.0)
Grampians	Dec	4,100	(3,230)	15.1	(13.5)	4.5	(4.0)
Guardian Royal	Dec	143,800	(3,500)	63.6	(—)	34.0	(27.8)
Jacks William	Jan	557	(361)	4.2	(2.9)	1.3	(1.1)
Jhnsn & Jrgnsen	Dec	1,310	(1,130)	11.8	(8.8)	4.9	(4.1)
Kleinwort Benson	Dec	78,800	(54,610)	53.0	(—)	—	(—)
Laing John	Dec	38,120	(34,130)	45.0	(35.8)	8.5	(7.0)
Lndn & Edinburgh	Dec	15,100	(5,440)	42.1	(25.3)	8.0	(5.7)
Lon & Manchester	Dec	9,360	(6,590)	—	(—)	7.2	(5.9)
LASMO	Dec	4,400	(118,000)	—	(—)	7.0	(7.7)
Macallan Glnlvt	Dec	1,140	(719)	16.9	(10.7)	3.8	(3.3)
Manders	Dec	5,100	(4,300)	20.6	(17.8)	10.0	(8.1)
Marley	Dec	34,160	(24,600)	8.8	(6.5)	4.1	(3.7)
Martin A.	Dec	1,760	(1,380)	12.4	(11.4)	3.9	(3.6)
Maxiprint	Nov	37L	(84)L	—	(—)	—	(—)
Morrison W.	Jan	112	(71)	14.4	(9.9)	1.6	(1.3)
Musterlin	Dec	520	(473)	7.3	(10.5)	3.0	(—)
MY Holdings	Dec	2,110	(1,690)	4.3	(3.5)	1.2	(1.0)
NMW Computers	Dec	2,260	(1,540)	20.6	(18.1)	7.5	(5.7)
North Mid Const	Dec	225	(—)	—	(—)	—	(—)
Oliver George	Dec	1,460	(1,660)	23.3	(22.4)	10.0	(9.0)
Plasmec	Dec	347	(570)L	8.6	(—)	2.1	(1.0)
Peek Holdings	Dec	51	(597)L	0.2	(—)	—	(—)
Portals	Dec	25,050	(21,540)	26.2	(21.1)	8.5	(7.3)
Quick H. & J.	Dec	1,760	(637)	19.5	(7.1)	4.0	(2.4)
Reckitt & Colman	Dec	145,110	(118,990)	57.8	(48.2)	18.5	(16.0)
Rich Westgarth	Dec	24	(55)	—	(—)	—	(—)
Royal Mail Steam	Dec	2,550	(1,280)	5.7	(29.6)	20.0	(16.0)
Rugby Portland	Dec	35,460	(13,470)	16.1	(13.7)	7.0	(6.4)
Scanro	Dec	276	(550)	7.2	(9.7)	2.5	(4.0)
Scottish Heritable	Dec	6,200	(3,250)	—	(—)	4.0	(3.0)
Senior Eng	Dec	7,620	(4,820)	5.1	(3.6)	2.0	(1.7)
Sherwood	Dec	958	(469)	17.6	(12.1)	3.7	(3.0)
Slough Estates	Dec	49,600	(39,500)	13.8	(11.6)	6.5	(5.5)
Sun Alliance	Dec	180,400	(37,700)	64.2	(14.0)	23.5	(15.5)
Telfos	Dec	1,500	(1,030)	9.0	(7.7)	3.6	(2.8)
Tilbury	Dec	5,280	(1,920)	20.8	(13.7)	6.8	(5.3)
Tioxide	Dec	114,350	(77,390)	—	(—)	—	(—)
Turriff	Dec	1,250	(410)	21.7	(9.1)	8.5	(7.0)
Weir	Dec	15,050	(9,030)	20.3	(11.0)	3.5	(2.9)
Wilsons (Cnnlly)	Dec	26,300	(20,300)	19.0	(13.5)	2.6	(2.0)
Worcester	Dec	2,200	(603)	34.9	(11.7)	7.2	(3.8)
York Trailer	Dec	1,160	(1,060)	7.3	(6.7)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AB Electronic	Dec	3,160	(3,040)	2.0	(2.0)
Beazer C. H.	Dec	24,100	(10,700)	1.7	(1.5)
Bellway	Jan	1,730	(1,320)	3.0	(3.0)
Blanchards	Dec	254	(348)	1.6	(1.5)
Christy Hunt	Dec	38	(55)	—	(—)
DPCE	Dec	2,550	(1,580)	—	(—)
Druck	Dec	1,090	(953)	2.0	(1.8)
Ferry Pickrng	Dec	1,230	(1,147)	1.6	(1.4)
Gabicci	Dec	362	(330)	1.1	(1.0)
Halstead James	Dec	2,300	(1,800)	2.5	(2.0)
Hamlyn Milling	Sept	57	(371)	—	(—)
Munton Bros	Dec	373L	(360)	—	(—)
Pifco	Oct	506	(384)	2.5	(1.7)
UDO Holdings	Jan	1,410	(1,210)	0.6	(0.5)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUES

Authority Investments—To raise £10.25m through a one-for-two rights issue, 3,000 new shares will be offered at 320p.

DPCE—To raise £14.6m via a one-for-six rights issue, 4.7m shares are to be issued at 320p.

MSB—Will raise £10.5m through a placing of 3.5m shares at 80p and a one-for-five rights issue of 10.1m shares at the same price.

Senior Engineering—One-for-three rights issue of 34m new shares at 60p.

Walker Alfred—To raise £4.7m through a two-for-three rights issue 3.3m shares will be offered at 150p.

Weir Group—To raise £10.9m via a one-for-seven rights issue, 7.156m shares will be offered at 157p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Britannia Security—£15m share issue, 9m new shares to be offered at 172p.

Charles Church—To join the stock market through an offer for sale of 21.46m shares at 115p.

Epwin Group—USM placing to value the company at £18m.

The second half of the contest could be much tougher, says **Alice Rawsthorn**

Now the pressure is really on

PHILANTHROPY is not a phenomenon commonly associated with the City of London. Yet for six months a group of top fund managers have used their investment skills for charity, as well as Mammon, in the Great Investment Race. The Race has just reached its half way mark and the teams have already raised almost £300,000.

Since September, when the Race began, stock markets have soared throughout the world, creating an extraordinarily favourable climate for the teams. The star of the first half, Prudential Portfolio Managers, has already quadrupled the value of its portfolio; as has Fidelity, in second place.

Yet the second half of the Race seems set to run through rather less clement conditions. Last Monday the London, New York and Tokyo stock markets declined dramatically. Whether this represents the beginning of a prolonged bear market remains to be seen. The second half of the Race may be conducted in a climate different from the first, but it promises to be every bit as exciting.

The Great Investment Race began on September 23 when six teams of top fund managers—armed with portfolios of £35,000 provided by the Race's sponsor, Prudential Unit Trust Managers—put their investment skills to the test to see which can raise most money for charity by managing the portfolios for a year.

At the end of the year the profits made by the teams will be donated to charities for the disabled, drugs and drink victims, the young unemployed and the homeless, by Charity Projects, the Race's organisers.

Opportunism has been the order of the day, in the first half of the Race, with the most successful teams being those which have made the most of the bull markets by indulging in the sort of high risk investments that financial text books warn their readers against.

The Prudential, which led the Race in the opening months and recovered its lost lead from Fidelity last week, has built up a portfolio worth £157,226 by plumping for a blend of risk and balance. The Pru has assembled a stable portfolio of UK equities, but has made most of its money by speculating in the frenetic FT-SE equity futures market.

"We have been doing what we do best," says Trevor Pullen, director of UK equities, "forming a realistic growth portfolio, but adding something extra with aggressive trading in equity futures."

Fidelity, by contrast, has played the consummate opportunist. It has used its international network to identify speculative short term investments all over the world. This policy has paid off. Thanks to successful speculation, chiefly in the Far East, the team has boosted its portfolio to £140,599.

Several of the less successful teams have suffered from being too bearish too soon about the prospects for the world's markets. All are now eager to make up for lost time and most intend to ape Fidelity's opportunism.

Hoare Govett, for example, fell behind in the opening weeks of the Race after some unlucky investments and, having succumbed to scepticism about the markets' prospects, failed to catch up. "It soon became clear that our competitors intended to be much less cautious," says Peter Clark, assistant director. "The time has come to invest more aggressively."

A few aggressive weeks later, fuelled by successful forays into the highly speculative Australian secondary market, Hoare Govett has moved into third place with a £68,241 portfolio.

Nomura was caught unawares by the buoyancy of its home territory, the Tokyo stock market, in the opening months of the year. Nomura has been relatively inactive and its portfolio has stabilised at £61,739. Messel was also unduly pessimistic and now lags behind the rest of the field with investments worth £44,630.

Meanwhile Bell Lawrie, which has slipped into fifth place ahead of Messel, having favoured a prudent policy throughout, has emerged from the bull market with a £47,441 portfolio.

As the Race moves into its second stage and the markets become more bearish, the teams are assessing their investment strategies. Opinions differ as to whether the markets have moved into short or longer term decline but, as Trevor Pullen of the Pru puts it: "We will all have to work much harder in the second half."

The Pru intends to continue with its hybrid policy of risks in futures, more balanced investment in equities. Fidelity, however, will change its tactics. Having used opportunism to boost the value of its portfolio it now intends to protect its profits.

"The aim of the Race is, after all, to raise money for charity," says Anthony Bolton, investment director. "There are volatile times ahead for the London market and consolidation elsewhere. We will be much more cautious in the second half."

Yet Hoare Govett, Messel and Nomura are undeterred by the bear market. Hoare Govett plans to ape Fidelity's early form with a series of high risk investments. Messel intends to accelerate its activity: it is already dabbling in futures.

This week's market decline should—so Kenichi Fukuhara, executive director of Nomura, hopes — uncover new buying opportunities in Tokyo. But with an eye on the surging yen and the threat of trade warfare, his team will be looking for domestic- rather than export-related stocks.

Bell Lawrie plans to pursue the same stable strategy. "Speculative investment just is not our style," says Bryan Johnston, director. "We think the market is set for further falls. The decline will be exaggerated, just like the euphoria of the last few months. This is no time to take risks."

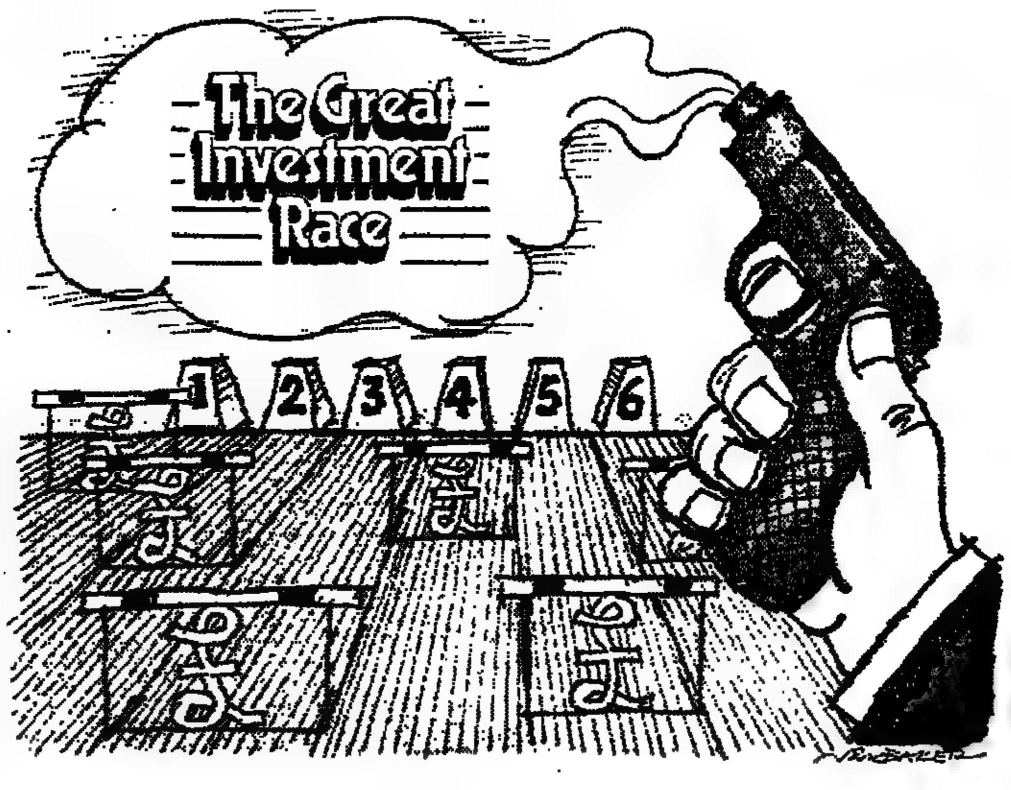
Thus far the teams have made a collective profit of £298,143. Charity Projects is thrilled with this performance and is already mapping out its donation policy. It envisages giving part of the money to the Home Farm Trust, to finance the construction of craft workshops for a new home for the disabled. It is also looking for suitable schemes which help young victims of drug and alcohol abuse, and the homeless.

Charity Projects cannot commit any donations until the end of the Race: until then, no one can know how much money the teams will make. Bear markets notwithstanding, they could easily make another £300,000 by September—possibly more. Or they could lose the lot.

HOW THE TEAMS STAND

			Present value	% change in last fortnight
1	(2)	Prudential	£157,226	+30
2	(1)	Fidelity	£140,599	+ 7
3	(3)	Hoare Govett	£68,241	− 5
4	(4)	Nomura	£61,739	+ 2
5	(6)	Bell Lawrie	£47,441	− 1
6	(5)	Messel	£44,630	− 7

Source: The WM Company



Readers play their part

FROM THE very beginning FT readers have played an active part in the Great Investment Race. Many readers have been inspired by its success to embark upon similar schemes of their own.

Last autumn FT readers raised almost £20,000 for charity in the Readers' Race, which is running alongside the Great Investment Race. That money is now being distributed to organisations helping drink and drugs victims, the homeless and the unemployed by Charity Projects, organisers of the Race.

Yet many schemes have been launched on readers' own initiatives in order to raise money for various charities. There are plans to introduce versions of the Great Investment Race in the US and Australia, but individual readers have also used the Race as the foundation for local schemes.

Dr Raymond Maitland, a retired chemist from ICI, intends to embark upon a local version of the Great Investment Race to raise money for the Citizens Advice Bureaux and Marriage Guidance Council in Cheshire.

Although he has yet to finalise the details, Dr Maitland envisages a Race in which local investment enthusiasts will manage mythical portfolios o[f] £35,000 to compete for monthl[y] or annual prizes. Each investo[r] will donate between £5 and £1[0] as an "entry fee." A small pro[portion] of the money raised wil[l] be used to pay for prizes, th[e] rest will go to charity.

Thus each entrant can enjo[y] "playing" the markets an[d] improve their investment skills. Dr Maitland has already begu[n] to practise managing a mythica[l] portfolio. By investing in th[e] high risk traded options marke[t] he put the Great Investmen[t] Race professionals to shame b[y] boosting his portfolio fro[m] £35,000 to £135,000 in just si[x] weeks.

How Swiss shut out bids

OVERSEAS investors in the Swiss stock market have a difficult time. They are shut out from a large chunk of the market made up of registered shares, which account for about a third of the total market capitalisation on the Zurich Stock Exchange.

However, a lively debate is now in progress as to whether registered shares are sufficiently negotiable.

Essentially, registered shares provide companies with a means of fending off undesirable takeovers and have been used by the Swiss to protect themselves against foreign predators. They first became popular during the Second World War when Swiss companies were eager to prove their nationality for neutrality reasons; and there was a further upswing in the 1960s when the petro-dollar crisis brought fears of Arab buy-outs.

Most of the 57 listed Swiss companies with registered shares ban foreigners from registration; others permit registration only to foreigners domiciled in Switzerland or allow very limited holdings by non-resident aliens. The arrangement is that the shares are registered in the name of the shareholder and entered into a register only with the approval of the issuing company.

There are supposed to be ways around the regulations but these are in the nature of optical illusions. Foreigners, for example, can buy registered shares for delivery at a future date but must close out positions before the delivery date falls due.

Warrants on registered shares are also of doubtful value since the eventual buyer has to be a Swiss, who is in a powerful position to impose the price payable.

However, the debate in Switzerland is not about the plight of foreigners, whose inability to buy means that registered shares are some 25 per cent cheaper than bearer equities open to all.

Much more controversial from the Swiss point of view is the use of registered shares, and the articles of association, to block purchases by domestic interests.

There have been two recent causes célèbres in this field. One involved the retail concern Usego-Trimerco Holding, which last year refused to enter Swiss shareholders into its register. In another case, the foodstuffs company Hero fought off what it considered an unfriendly takeover bid by the coffee-and-chocolate group Jacobs-Suchard.

Swiss banks, in particular, have been embarrassed and annoyed at aspects of such restrictive practices, particularly as they have long co-operated with listed companies to avoid clashes over registered shares.

Although a Federal Court judgment in 1957 laid down that holders of these shares enjoyed "ownership rights" even if they could not be entered into the register, the Swiss Bankers Association has since 1961 agreed not to sell them to non-entitled people in the first place, or to buy them for clients on a fiduciary basis.

The association does not, however, consider it the duty of the banks to protect firms from domestic takeovers. The companies should, says association secretary Jean-Paul Chapuis, "facilitate and promote the free circulation of their shares among Swiss within the framework of their overall shareholder policy." Over-restrictive sattutes are seen as sabotaging this aim.

The Zurich Stock Exchange thinks very much the same and seems particularly upset about Hero's (successful) defence measures. The registration requirements of all listed companies with registered shares are now being examined, and Stock Exchange director Richard Meier has threatened to de-list firms which do not come to heel.

Banks and the Stock Exchange are also unhappy about part of the Government's proposals for revisions in equity law. One of these meets with the critics' favour—namely, that a company could turn down a shareholder for registration without giving reasons only if he was offered the market value of his shares.

While they consider this reasonable, even though it could in practice lead to difficulties, the Bankers Association and th[e] bourse warn strongly against [a] proposed further step. This—despite the 1957 Federal Cour[t] ruling—would mean that, befor[e] registration, the holder of [a] registered share would have n[o] rights at all.

Not only would he be withou[t] a vote and without dividend entitlement — this "non-person" would also be devoid of owner[-]ship rights and could not eve[n] sell the share.

As Viktor Füglister, of th[e] Bankers Association, points out the entire transaction woul[d] then have to be reversed, [a] process which he call[s] "obviously inconceivable."

John Wick[s]

FINANCE & THE FAMILY

Stags cry as market booms

Richard Tomkins says new issues are not the punters' delight they ought to be

SO FAR this year the new issues market had all the appearance of a punter's parade. Not a single issue has gone to a discount since January 1. Far from it: buoyant stock market conditions have taken practically every debutante to a hefty premium by the end of first-day dealings.

And yet the would be "stags" are weeping.

Changes in the new issue rules have made it difficult for the private investor to obtain any stock at all in the vast majority of flotations.

The two most common methods of bringing a company to the stock market are the placing and the offer for sale. In a placing, the stockbroker to the issue arranges privately for the stock to be distributed among its clients—mostly City institutions — and individual investors are effectively excluded from the issue. In an offer for sale, everybody has a chance to apply.

Until recently, any company raising more than £5m on the main market or £3m on the USM was compelled by Stock Exchange rules to use an offer for sale, so only the very smallest companies were able to use the restrictive placing method.

From October 27, however, the placing limit was increased threefold to £15m on the main market and to £5m on the USM.

The effect of this move has been almost to eliminate the offer for sale as a means of flotation for all but the biggest companies.

New issues raising more than £15m are, after all, comparatively rare, and given the choice between an offer for sale and a placing, smaller companies will almost always choose the far cheaper and much less stressful placing method.

Out of 28 companies which have come to the market in the first quarter of 1987, only three have been so big as to require an offer for sale: British Airways, Scandinavian Bank, and Wilson Bowden.

Capital Radio, which raised £4.1m, is the only smaller company to have volunteered for an offer for sale, largely because it wanted to fulfil a commitment to the IBA to broaden its shareholding base.

Another change in the placing rules has made matters even worse for the private investor. Before Big Bang, the stockbroker handling a placing was only allowed to distribute 75 per cent of the stock among its own clients, and the remaining 25 per cent had to be distributed among other brokers to ensure some kind of a market in the shares once dealings began.

Under that system, outsiders at least had a chance—however small—of obtaining stock through their own brokers.

Now however, brokers still distribute 75 per cent of the issue to their own clients, but have two choices over what they can do with the remaining 25 per cent. They can either advertise the shares to the general public, or pass them on to one or more other brokers to distribute amongst their own clients.

The firs option, though superficially attractive, bears so many similarities to an offer for sale in terms of cost and risk that it defeats the point of opting for a placing, and to nobody's great surprise, it has never yet been adopted.

The second method—the one in common use—wholly eliminates the possibility of anyone other than the distributors' own clients from obtaining any stock in the flotation.

So private investors appear to have three choices. The first is to use the time they might otherwise have spent researching new issues, on pondering the irony of a situation where the Stock Exchanges is restricting share ownership while the Government is trying so hard to widen it.

NEW ISSUES JANUARY-MARCH 1987

Company	Dealings began	Issue price	First day close	Premium %
Paribas Fr Invest Trust...	19/1	100p	101p	+ 1
Viking Packaging	22/1	130p	168p	+29
British Airways‡	11/2	*65p	109p	+68
Dale	18/2	110p	126p	+15
Sanders and Sydney†	19/2	100p	129p	+29
Hewetson†	23/2	70p	84p	+20
Prism Leisure†	24/2	120p	130p	+ 8
Sinclair Goldsmith	26/2	125p	136p	+ 9
Forward†	26/2	125p	136p	+ 9
Capital Radio‡	27/2	105p	131p	+25
Hobsons Publishing	2/3	250p	325p	+30
JSB Electrical†	2/3	115p	141p	+23
Barbour Index	3/3	215p	305p	+42
RCO	3/3	95p	98p	+ 3
John D. Wood†	4/3	144p	188p	+31
G. W. Thornton†	9/3	135p	175p	+30
Regina Health†	9/3	20p	32p	+60
Scandinavian Bank‡	11/3	210p	243p	+16
Misys†	12/3	95p	134p	+41
Wilson Bowden‡	12/3	130p	138p	+ 6
Renaissance	16/3	100p	100p	—
Admiral Computing	17/3	150p	180p	+20
Perpetual	19/3	180p	191p	+ 6
Mallett	25/3	120p	206p	+72
Castle Communications† .	26/3	200p	218p	+ 9
Burford†	30/3	80p	160p	+100
Reliance Security	30/3	140p	180p	+29
Airtours	31/3	180p	200p	+11

* Partly paid. † USM. ‡ Offer for sale.

On a more practical note, their second choice is to buy their chosen stock in the after-market. This, however, is a hazardous exercise because the shortage of stock in any sought-after placing will be such that a hefty premium will be set the moment dealings begin, and the scope for further upward movement in the price may be limited.

The third choice offers a glimmer of hope to the private investor because of another little-known change which the Stock Exchange has made to the placing rules.

One concession which the Stock Exchange appears to have made to individual share ownership is the requirement that there must be 30 shareholders for every £1m worth of stock placed. That means that in a £6m placing, the issue must be spread between at least 180 people.

But institutional investors do not like small parcels of shares because they are uneconomical to manage. So the notion of splitting up the issue into 180 share parcels worth £33,333 each is really a non-starter.

Instead, the lead broker will split its 75 per cent of the issue between a handful of institutional clients and then make up the numbers by handing over the remaining 25 per cent to someone with a big list of private clients.

Here lies the wrinkle for the small investor. The lead distributors are increasingly turning to regional brokers for help. And they tend to have much longer private client lists than the institutions.

It might just be, then, that the best chance of picking up stock in placings will increasingly be to join the client list of regional brokers such as Albert E. Sharp in Birmingham, Stock Beech in Bristol or Henry Cooke Lumsden in Manchester.

Personal pensions fillip

ALL IS not lost for employees in a company pension scheme who plan to take out a personal pension plan when these become available.

At one stage it looked as if they might lose out on the 2 per cent incentive contribution being offered by the Government to those switching to a personal pension.

But in his recent Budget, Nigel Lawson, while advancing the starting date for personal pensions from April to January 1988 for employees not in a company scheme, also provided those in a company scheme with an opportunity to get round the restriction on the incentive payment laid down in the 1986 Social Security Act.

Under the Act, employees coming out of their company pension scheme and taking a personal pension instead are not eligible to receive the incentive payment if they have been a member of the company scheme for two years or more.

However, last month's Budget opened a potential loophole. The starting date for personal pensions was advanced from April 1988 to January 1988. Although this was intended for those not in a company scheme, it can also benefit those employees who are.

The Department of Health and Social Security has confirmed that the restriction on incentive payments contained in the 1986 Act applies only to employees leaving the company scheme on or after April 6 1988.

The restriction does not apply if you leave the company and go back into the State Earnings Related Pension scheme (Serps) before April 1988.

So if you want to take out a personal pension and receive the incentive payment, you should do so before the end of the 1987-88 financial year.

Then not only will you be able to take out a personal pension backdated if necessary to January 1988, but you will also be eligible for the incentive payment even though you might have been in the company pension scheme for more than two years.

Indeed the earlier in the 1987-88 year that you go into Serps the longer the period eligible for the incentive payment for that year. There are administration problems in trying to backdate re-entry into Serps.

There is, however, one stumbling block. If you do wish to pull out of the company scheme and qualify for the incentive payment, you will need the consent and co-operation of your employer.

The right of employees to leave a company scheme conferred by the 1986 Act only applies from April 6, 1988.

But if employees can persuade their employer to let them go and if they can also persuade him to let them take a transfer value for their pension rights to date, they have the opportunity to start their personal pension early with a sizable investment.

This article does not argue that coming out of a company scheme and taking a personal pension is necessarily a good thing for employees. It assumes that the employee has already decided to take this action and is just waiting for the opportunity.

Whether the Chancellor will allow this loophole to remain open is another question.

Eric Short

هكذا من الأصل

Take the risk out of futures

TWO minuses can sometimes make a plus. Investing in futures is not normally recommended to the private investor because the markets are highly risky; futures are really only suited to professionals.

Equally money-back guarantee schemes are not normally a good idea, because the cost of providing the guarantee means that your investment is "diluted," and not likely to provide a decent return.

However, put the two together and you have an interesting combination. The money-back guarantee ensures that you can have a dabble in futures without the risk of losing your shirt. At the same time the danger in futures — the leverage obtained by dealing on a margin (say 10 per cent of the total sum committed) which magnifies both the reward and the risk — is a positive advantage in overcoming the dilution in money-back schemes.

By trading on margin you can obtain high rewards for a relatively little outlay. But it follows, of course, that the risk of losing money is that much greater. This is not so serious a danger if you already have your original capital safely locked away in an interest-bearing asset — US Treasury Bonds for example, or British government securities (gilts).

Most responsible futures funds, while not offering a money-back guarantee, tend to reduce the gearing of margin trading by keeping a large percentage of the total sum under management either in cash or in some other form of fixed interest assets. Providing a money-back guarantee may not make a great difference to the funds' investment strategy, but it does allow the investor to sleep at nights.

The proportion set aside to provide a money-back guarantee will depend both on the current interest rates and the length of the repayment period.

High interest rates bring better returns from investment in bonds or gilts, so fund managers can either offer a shorter repayment period or put a larger proportion aside for speculating in the futures markets.

At present the few futures funds which do offer money-back guarantees are tending to work on five-year periods. This means that between 60 to 70 per cent of your investment is put into Treasury Bonds or gilts; sufficient to ensure that at the end of five years the sum invested in these fixed interest securities will grow to the equivalent of 100 per cent of the total amount invested in the funds. The remaining 30 to 40 per cent is used to try and make an above-average return in the futures markets.

The Mint futures funds, co-sponsored by London commodity brokers E. D. & F. Man, and the US-based Mint Investment Management Corporation, have proved that providing a money-back guarantee does not necessarily spoil the performance of the fund.

Last year the Mint Guaranteed A fund was one of the best performing futures funds, recording a rise in value of 22.9 per cent. The longer established Mint Fund (with no guarantee) gained 20.5 per cent. Both these were creditable performances, bearing in mind that the average futures fund was 10 per cent down last year. In fact, the amount invested in bonds — which did well compared with the futures markets — helped to enhance the performance of the guaranteed alternative.

The Mint Guaranteed fund, launched in January 1986, guarantees your money back in a five-year period. Since then three more guaranteed funds have been launched, making a total of some $60m under management. Larry Hite of Mint Investment Management says the objective is to provide an annual return of between 15 to 30 per cent, depending on market conditions, while at the same time preserving the initial capital.

"You know the worst that can happen," Mr Hite says. "So you can put aside a particular capital sum and use that as the basis for trading in futures without risk."

The latest Mint funds guarantee your money back over a seven-year period. Larry Hite claims this is necessary because the cut in US interest rates mean that, on a five-year guarantee, too great a percentage of the total investment would have to be put aside into bonds. The Mint's trading strategy is closely linked with using the widest possible range of markets to limit risk.

The Mint funds are offshore closed-end funds, registered in Bermuda. They therefore suffer tax disadvantages for investors resident in the UK. Because they are not distributor funds you face paying income tax at your top rate on any profits made. This is a problem facing all offshore funds of this kind.

An alternative approach to combining a money-back guarantee with trading in futures is adopted by Rudolf Wolff, the London-based futures brokers which is a subsidiary of the big Noranda mining group. Its private client department will guarantee that 100 per cent of your original investment will be returned if you keep your money there for three years; 70 per cent if you stay with the investment for one year.

However, it does not come cheap. There is a standard charge of 0.5 per cent monthly for managed money, based on the equity in the account at the end of each month, and a performance fee of 15 per cent of absolute profit, plus normal brokerage commission. Minimum investment is £5,000.

Gourlay Wolff, another London futures broker specialising in private client business, offers a Financial Futures Account with two components. When you deposit £5,000 a portion is put into zero coupon US Government Bonds to guarantee your repaying your 100 per cent stake in five years. The rest is used to deal in 20-year gilts and three months Eurodollar interest rate contracts on Liffe (London International Financial Futures Exchange).

There are no management, entry or performances fees. You do, however, pay brokerage commission.

Gourlay Wolff puts the zero-coupon bonds, bought on behalf of clients, in trust so that even if they were to suffer some financial disaster, the guaranteed funds would be safe.

If you are tempted by the idea of having a risk-free flutter in futures, assuming you don't mind your money being locked away for several years, check carefully on the companies offering money back schemes. They have to be respectable companies, with reliable backers who you can get at if something goes wrong, otherwise the guarantee is not worth a great deal and you are simply exposed to a different risk.

John Edwards

Angel in the wings

Investors' Tales

Theatre is the latest venture by Kevin Goldstein-Jackson

SOME years ago I encouraged a company for which I then worked to make four fairly small investments in theatrical productions. Two made modest profits, one lost its entire investment, and the fourth — the West End production of The Nerd — made a 100 per cent profit in six months and is still producing further profits from its overseas earnings. This demonstrates the varied risks of theatre investment.

Recently I decided to become an "angel" myself. I therefore wrote to The Society of West End Theatre at Bedford Chambers, The Piazza, Covent Garden, London, WC2E 8HQ. The society added my name to its list of potential investors and soon I was receiving theatrical proposals from a number of its producer members.

The society had warned me in a letter that although it was "keen to attract investment into the commercial theatre" it felt that "in fairness, members of the public should be aware that commercial theatre is a high risk business and that the majority of productions probably fail to recoup all the capital invested." The society also pointed out that the "minimum investment unit" was likely to be "at least £500 or £1,000."

In reading all the theatrical proposals sent to me, I was particularly looking for productions that "broke even" on 50 per cent or less audiences, and those in which investors would also participate in any profits from Broadway, film, TV and other subsidiary rights.

Most of all, I was looking for shows that, as a regular "popular theatre-goer, I thought I might enjoy myself. This meant turning down a fair number of the proposals.

So far, I have made three investments. *High Society* opened at the Victoria Palace Theatre on February 25 and seems to be doing quite well. *High Society* appealed to me because of its Cole Porter songs like "Who Wants To Be a Millionaire." Its storyline should appeal to yuppies who suddenly seem to have "rediscovered" theatre-going as an enjoyable activity, and it is a musical that also has great appeal to coach parties of Women's Institute members and similar groups.

Spin Of The Wheel opens at the Comedy Theatre on April 7. The attraction of this production is that it is designed to appeal to the same type of audience that made *The Rocky Horror Show* and *Little Shop of Horrors* such great successes.

When Did You Last See Your Trousers? opens at the Garrick Theatre on April 14. It is a farce by Ray Galton and John Antrobus, based on a story by Galton and Simpson (of *Hancock's Half Hour* fame).

The Garrick Theatre was, for many years, the home of *No Sex Please, We're British*, which is now in its 16th year in the West End. I hope, *When Did You Last See Your Trousers?* will have an equally long run.

As well as experienced, professional producers, all three shows have had the advantage of being "audience tested" in other parts of the country before coming to the West End, so their London performances should be as near perfect as possible.

John Pick, in his excellent book *The West End: Mismanagement And Snobbery*, cited a number of reasons for the failure of many West End productions: not the least of which were their failure to "touch the popular nerve" and their high ticket prices, which put them out of reach of many people.

I feel that the three productions I have backed will appeal to a very wide audience, and all three have reasonable ticket prices which should help to make them even more popular.

It is too soon to say how successful (or otherwise) my theatre investments will be — but at least I can visit a theatre and actually see my investment "performing," so it should be fun.

Banks are wooing home buyers, says **John Edwards**

New mortgage plums

THERE MAY be talk of mortgage queues forming again outside building societies. But the banks seem keener than ever to increase their mortgage lending; some very competitive offers are being made.

The latest to join the fray in a serious way is the TSB. It has unveiled a package, aimed at winning mortgage business, with the announcement that it had £500m available for this Spring's housing market.

For a start, TSB has cut the interest rate charged on endowment mortgages from 12.25 to 11.125 per cent—a reduction of 1.125 per cent compared with the base rate reduction of 1 per cent.

TSB is unusual in that it gives a cheaper rate for endowment home loans compared with straight repayment mortgages. The differential has been widened slightly since the repayment rate has come down by only 1 per cent to 11.75 per cent—somewhat higher than the new standard rate of 11.25 per cent set by Abbey National, Leeds Permanent and the Halifax, as well as Barclays and NatWest.

TSB claims that its higher rate is justified—the straight repayment rate includes free life assurance for up to £50,000. But while this might appeal to the older borrower, faced with higher life premiums, it is evident that TSB is more interested in developing its endowment mortgage business—which is linked with commission-earning other services.

To prove the point it also announced this week the introduction of the Homebuyer's Plan, a joint exercise by several components of the TSB group. Essentially it is a unit-linked endowment scheme where, instead of putting your money for repaying the home loan into a with-profits endowment policy, it is invested instead in unit trusts. Several other companies already offer this kind of product; the special feature of the TSB package is that your money goes into a managed fund which has been specifically tailored by the Trust Company of the group to support repayment of the loan provided by the banking side.

As a specifically tailored product, the Homebuyer Managed Fund's primary objective will be that the money invested is earning enough to ensure that the 7.5 per cent annual growth rate target needed to repay the mortgage, is maintained. There will be regular reviews of the individual plans to make sure they are on target. The planholder will have the option to increase or extend the cover if a new mortgage or home improvement loan is taken out, increasing the amount borrowed.

Premiums on unit-linked mortgage repayment plans tend

to be more expensive than with-profits endowment policies, because the annual rate of return—used to calculate the premiums needed—is quite a bit lower: 7.5 per cent. Recently, however, with the sustained boom in the stock markets, unit-linked plans have mainly outperformed with-profits endowment policies, which rely on a moving average over a longer period; therefore they are not able to take such advantage of the stock market boom.

There is a low-start repayment option available, phased over four years; and death cover.

In order to sweeten the pill, TSB are also offering to Homebuyer Planholders exclusively a very competitive fixed-rate alternative. Some £100m is being offered at a fixed rate of 9.9 per cent for five years. At the end of five years you have the choice of either continuing at another fixed rate (at the time), or switching to a variable rate.

Fixed rate mortgages, at below the current variable rate, have proved very popular recently, in spite of the general expectation (up to this week) that another cut in bank base rate was imminent.

Midland Bank, which initiated the recent round of mortgage rate cuts, says that there has been a tremendous response to its fixed-interest home loan scheme offering £500m at a rate of 10.2 per cent, fixed for three years. The average mortgage request is £55,000, but the Midland have now lowered the minimum loan available under the scheme from £35,000 to £25,000, to increase the number of potential borrowers. The fixed-rate alternative is available only for endowment or pension mortgages, and there is an arrangement fee of £100.

Lloyds Bank has also had such a good response to its fixed rate home loan scheme (also 10.2 per cent for the first three years) that it has increased the funds available by £200m, to £500m.

The fixed-rate loan minimum is £30,000, and it applies only to endowment mortgages where the associated insurance has been taken out through branches of Lloyds or through Black Horse Aeencies, the Lloyds estate agency subsidiary.

Meanwhile, in addition to reducing its standard variable home loan rate to 11.3 per cent, Lloyds is giving free buildings insurance for first-time buyers for the first year; a guaranteed mortgage and waiving of the arrangement fee (£100) for existing home loan borrowers; and removal of the requirement for a professional valuation in some cases.

These special offers will be available until the end of the year.

Until the end of June, Clyesdale Bank, the Midland subsidiary, is offering a 0.50 per cent reduction on its new rate of 11.25 per cent for one year, to new borrowers. Home owners who transfer an existing mortgage from another lender will have their legal expenses paid, and the Clydesdale will waive the standard £100 arrangement fee. The bank will also pay £50 towards professional expenses—such as solicitors' and estate agents' fees, to first-time buyers and those who are contemplating moving house.

Household Mortgage Corporation and the Mortgage Corporation have both reduced their home loan rates by 1 per cent to 10.90 per cent, maintaining their differential below the major building societies and banks.

In most cases the changes are effective immediately for new borrowers; not until May 1 for existing borrowers. This has encouraged many building societies to hold back, knowing that there is a little time in hand before adjusting their rates, especially as some building societies are short of money for new loans. Now that a further drop in interest rates seems unlikely, at least in the near future, the waverers are likely to make up their minds and come into line at around 11.25 per cent.

United Bank of Kuwait, however, has brought its new 11 per cent variable rate into effect (from April 1) for both new and existing borrowers. It does not believe there should be a differential—a sentiment most existing borrowers will strongly support.

UBK's mortgage rate linked to Libor (London Interbank Offered Rate) was also set on April 1 for the next three months at 10.75 per cent. This was slightly higher than expected, and reflects the firmer trend in money market rates.

John Charcol, the mortgage specialist, points out that its index-linked mortgage—which is pegged to the Retail Price Index instead of Libor—is currently giving a very competitive rate. This rate is calculated by adding the current annual rate of inflation, based on the RPI, onto a fixed base rate of 6.5 per cent, giving a nominal rate of only 10.4 per cent.

But built into the scheme is the option to make low-start repayment. In subsequent years these can only be increased in line with the rise in inflation. It is, therefore, effectively inflation-proof.

Pioneer's comeback

Eric Short reports that Allied Dunbar is revamping its 'one-stop' investment services

FOUR YEARS AGO, Allied Dunbar, then Hambro Life, launched a new concept for what was a predominantly life company—an integrated financial service, combining life assurance and unit trusts with banking services and portfolio management.

Known as the Financial Management Programme, it was the brainchild of Sir Mark Weinberg, chairman and chief executive of Allied Dunbar.

The scheme was modelled on the US vogue of one-stop shopping for financial services. Allied Dunbar acquired a small banking operation — Dunbar — to help provide a complete financial service operation.

Clients using the service received chequebooks, credit cards and general insurance facilities as well as unsecured loan services, portfolio management in both Allied Dunbar products and direct shareholdings.

The concept itself had a mixed reception. Some were enthusiastic about one-stop investment services. Others were more wary.

Michael Hepher, chairman and chief executive of Abbey Life—Allied Dunbar's great rival—said life companies should "stick to their knitting."

In the event, Sir Mark's concept failed to make the desired impact. He overlooked the fact that US marketing practices rarely transplant themselves successfully in the UK, and forgot his own maxim that "pioneers get scalped."

One problem was that the main marketing effort was made through Allied Dunbar's own direct sales force. Since the salesmen are taught that there is a life contract or a pension contract or a unit trust to meet every investment requirement, it is not surprising to find that the majority of clients using the service (around 70 per cent) invested in life, pensions and unit trust contracts—an expensive duplication of effort.

Now, Allied Dunbar has revamped and retrenched the scheme, effectively splitting the service in two and adopting a much lower profile. It denies that the Programme has closed down, as stated by one of the clearing banks, although the original concept has all but disappeared.

Main changes to the service relate to the ending of the automatic borrowing arrangement on an unsecured basis. The single package monthly report on an investor's complete holdings has been discontinued.

Essentially, Allied Dunbar has hived off its mainstream products from direct investment. Instead it has linked up with stockbrokers James Capel to offer clients various investment management service.

For clients with at least £75,000, there is the Allied Dunbar/James Capel portfolio management service, which operates on a completely discretionary basis. A nominee service is provided, with clients receiving regular reports. Income can be distributed or reinvested and there is a cash management service. The cost is a percentage of the value of the fund.

Then there is the Share Selection Service for clients who prefer to handle the investments themselves but want access to investment advice on an individual basis as well as the administration services. The cost is £150 a year, with additional charges for overseas stocks.

Finally, there is a Securities Administration service for clients who want to handle all the investment work, but want someone else to handle the administration chores. Here the cost is £50 a year, plus extra for overseas stocks.

Sir Mark Weinberg

Sir Mark Weinberg said at the time of the original launch, that the clearing banks with their branch network and access to customers were ideally placed to offer an integrated financial service, but had not grasped the opportunity.

Now, they appear to be trying to get their act together. Lloyds Bank is promoting its Asset Management Service launched in April 1985 which combines banking facilities with investment options.

The format of this service could well be the pattern for future developments.

Unit trusts bonus

FIDELITY IS offering a performance bonus on four of its unit trusts during April. The bonus takes the form of a one per cent discount on all investments made during the month.

The four funds are the American, European, South East and Special Situations trusts, which have all outperformed the market since their launch. The European Trust was top of its sector last year and the Special Situations fund is showing a gain of 758.4 per cent since its introduction in December 1979.

Meanwhile the flow of new unit trusts continues undiminished. Eagle Star launched on Friday a Special Situations Trust available at a fixed price per unit of 50p until April 24. Rated "red" on the group's rainbow scale, signifying a high risk, high reward, fund, investments in the trust will be concentrated principally on possible takeover targets, and companies launching new products or with potential for exceptional growth.

These will include listed, USM and unlisted securities in markets throughout the world. Minimum investment is £1,000. In addition to the initial fixed price offer, extra unit allocations of up to 2 per cent will be available until May 31.

The FS American Growth Fund, launched on April 1 with a 25p fixed price until April 21, will be offering a 1 per cent discount through the month. But the initial bid-offer spread is a hefty 6 per cent, with an annual management charge of 1 per cent.

Objective of the fund is to invest in medium-sized companies in US and Canada, which are considered to have above average growth potential.

Medical Investments claims that its new Health Fund launched on April 2, will appeal not only to investors who see the health sector as a very profitable area, but also to those wanting to put their money where it benefits society. It suggests people working in health-related industries — such as doctors and dentists, will be particularly interested.

The Fund will be managed by Anthony Wieler & Co., "in accordance with ethical principles" — whatever that means since the initial portfolio seems to include the normal range of chemical and drug companies that make up the health and household sector of the market.

Minimum investment is £500 and there is an initial offer price of 50p per unit for three weeks from April 2.

Hill Samuel has belatedly announced that its Gilt and Fixed Income Growth Trust has been merged with its Fixed Interest Income Trust, effective from December 1 1986. The merger follows the changes in taxation of gilts in the 1985 Finance Act, which made it difficult for gilt growth trusts to achieve their investment objectives.

The new trust will be able to invest in a wider range of securities and thus achieve a higher annual yield. But the bad news is that the annual charge has been raised from 0.50 to 0.75 per cent of the value of the fund.

Gold funds were the star performers among unit trusts during March, according to Opal Statistics. Funds which invested wholly or partly in gold shares, accounted for some half of the top 25 performers with Gartmore's Gold Share Fund at the very top. Waverley Australasian Gold was the top fund over the last 12 months, with Gartmore in number three spot after S & P Exploration.

Unhappy motoring

MOTORISTS beware. Your insurance premiums are due for another massive rise later this year.

The warning came this week from two leading motor insurers, Sun Alliance and Guardian Royal Exchange, when announcing their 1986 results.

Both companies recorded profit figures in 1986—£180m for Sun Alliance and £144m for GRE. But these results would have been even better but for continued losses on their UK motor accounts.

Sun Alliance managed to cut its motor losses from £47m in 1985 to £37m, while GRE lost £17m from private motor and £5m from commercial motor. Motorists may be forgiven for thinking that with profit figures of this size these insurance companies would be prepared to give the motorist a respite from premium increases after the pounding he has taken over the past few years.

But not a bit of it. These days, every account is expected to at least stand on its own feet. The days of cross subsidising of accounts have passed, at least temporarily.

Sun Alliance put up its motor rates last year by 14 per cent—three times the rate of inflation—but this only reduced losses and the company said quite blandly that it could not go on taking losses of this magnitude.

GRE said that its rate increases in 1986 barely contained its motor losses last year.

The blame for this continuing poor situation is laid fairly and squarely at the young driver and the foolish driver, who may be one and the same motorist.

So further substantial increases in motor premium rates are inevitable. Indeed, Sun Alliance has already put up its rate this month by a further 8 per cent, following its 12.5 per cent increase in December. The company is quite prepared to lose business rather than continue subsidising the heavy losses from other accounts. GRE is more cautious as to when it will be making its increase and by how much. But expect increases well in excess of the inflation rate.

●

ANOTHER blow for small share investors. Already hit by rising charges and decreasing availability of "no-frills" dealing services, they will find trading through one major Over-the-Counter dealer also becomes more expensive from Monday.

Harvard Securities, the largest OTC firm, is doubling its administration charge to £12 per bargain from April 6. Tom Wilmot, Harvard's chairman and managing director, said the company regretted the increased charge but blamed the rising cost of processing bargains.

On agency transactions — where Harvard itself is dealing via a broker — a standard rate of commission, 1.65 per cent, is being introduced with a minimum charge of £25.

●

AMERICAN EXPRESS gold card-holders are now able to use them to draw cash from the Lloyds Bank Cashpoint automated teller machines. Up to £300 can be withdrawn in any seven-day period.

●

EASTBOURNE Mutual Building Society has increased the interest rate it pays on its Capital Bond. For two months only, from April 8 until the end of May, it is giving a guaranteed rate of 10 per cent. After that, bond-holders will be guaranteed an extra 3.75 per cent above the society's ordinary share rate, now 6.25 per cent.

• FINANCE & THE FAMILY •

Christine Stopp examines a sector which is not designed for ordinary mortals

Property funds start bandwagon

PROPERTY IS an investment which arouses emotions. It is not obvious why. Performance over the past few years has looked much more like that of the fixed interest sector than the UK equity sector, as the table shows.

At present, there are four funds investing in residential property, as opposed to the more common commercial property fund. (Unit trusts are not allowed direct property investment).

Hendersons was the pioneer with its Prime Residential Property Fund, launched in 1981. Over longer terms the fund has performed encouragingly above the sector average, although the latest six-month and one-year figures are not so rosy.

Residential property funds have now become a bit of a bandwagon, with new funds from Schroder and Target during 1986, and another from Providence Capitol in the past few weeks. The Target fund has had considerable success, and now amounts to over £100m.

Before you phone the fund manager and offer him first refusal on your North London Victorian terrace, it is worth defining what a prime residential property fund entails. These are not houses for ordinary mortals, but high-class properties in the most fashionable areas of London, rented by the fund to (largely foreign) corporate clients for sums which may be £1,000 a week and more.

A somewhat limited market for a fund? Not so, say the managers. Properties like these sell at such high prices that the value of the market is very large.

The Target fund is invested 28 per cent by value in Chelsea. As marketing development manager Brian Hulme points out: "One street in Chelsea with, say, 100 properties at £300,000 each, could easily be worth more than the whole fund."

Market indices look promising. The Halifax published figures showing 27 per cent growth in the London property market over the year to the end of February. Over 10 years, the John D. Wood index of Central London house prices has risen by around 500 per cent, compared with about 300 per cent for the Nationwide House Price Index which covers all properties.

Cash flow has always been seen as the principal danger with property funds. As anyone who has ever been caught in a house-buying chain will know, it can take time to realise this sort of asset.

As a last-ditch defence in the event of strong outflows of funds, property funds all have provisions for a "moratorium" period, during which redemption of units is suspended. However, none of the managers could remember the moratorium ever being invoked.

Less drastic, though bad enough, is the defensive measure the Henderson fund was forced to take towards the end of last year: it put the fund on to a bid basis, which resulted in a sudden drop of 8 per cent, and attracted a good deal of adverse comment.

Prices of property funds are not nearly as volatile as those of equity funds. In the case of the Henderson fund, the market flattened off and the price became static compared with dramatically rising equity markets. There was a marked outflow of funds just as Henderson was in any case reducing its liquidity margin.

As a result, the liquidity ratio fell rapidly, hence the decision to go to a bid basis. Large block moves by a small number of brokers did not help.

As director Chris Burrows puts it: "Brokers put money in day by day, but when it comes to taking it out they do it all in one go. The annoying thing was that the downward move in the fund price didn't reflect property values.

"The falling price hurt those who left, not those who stayed. It is important to remember what a property fund is for. It should always, always, be long term. It's crazy to use it as an equity fund."

The view in the industry is that some brokers "behaved irresponsibly" over the Henderson fund. Ian Sampson of W. M. Schroder doesn't mince words on the subject: "Some brokers' understanding of how the basic market works is nil."

He feels that "property is at least as marketable, and valuations are as reliable, as say Japanese smaller companies, or some unlisted stocks." This is scarcely the same, however, as comparing a property fund with a general equity fund.

Property funds will always under-perform the market because of the high liquidity ratio (minimum 15 per cent) they maintain and because the high costs of professional services involved in running such a fund reduces the rental yield.

Target expects a yield of 5-6 per cent net of expenses. Brian Hulme feels these funds are "suitable for investors with money sleeping in the building society." Ian Sampson doesn't think anyone should regard property "as an exciting investment, but 2.5-5 per cent of all portfolios should be in property."

Sampson makes the further point that, with the decreasing attractiveness of bond fund links, an offshore fund might be of more interest to the investor. Henderson, Target and Wm Schroder all offer this option.

RESIDENTIAL PROPERTY FUNDS PERFORMANCE COMPARISON

All figures are on an offer to bid basis to March 1

	6 months	1 year	3 years	5 years
Henderson Prime Resdntl. Property	−8.6	−2.6	34.9	68.1
Schroder Resdntl. Property	−1.5	3.1	—	—
Property sector average	2.2	6.2	24.6	37.1
UK Equity sector average	11.5	22.4	75.5	163.5
Fixed Interest sector average	−3.4	4.3	23.4	70.5

Source: OPAL

CHESS

ANATOLY KARPOV has qualified for a fourth world chess championship match against Gary Kasparov by an emphatic victory in the final candidates match at Linares, Spain. Karpov, 35, defeated Andrei Sokolov, 24, by 7½ to 3½ without losing a single game. His new series against Kasparov is scheduled for the autumn.

Sokolov's poor showing confirms the views of commentators who felt he was lucky to go so far in the title series, particularly in an earlier match against Yusupov where he recovered from two down. Karpov drew his games as Black with the solid Caro-Kann Defence (1 P-K4, P-QB3), while his typical strategy with the white pieces was to probe the defences in the first session, adjourn with a slight edge, and grind Sokolov down in the endgame.

Karpov won the second game in 61 moves, the eighth in 39, the 10th in 63. He then needed only two more draws for the match, so Sokolov changed his previous solid style and launched an all-out attack on the ex-champion's king.

For some time, his active pieces threatened danger, but a single inaccuracy gave Karpov the chance for a decisive counter. Sokolov's position collapsed with surprising speed and Karpov coolly liquidated to an endgame a piece up.

White: A. Sokolov. Black: A. Karpov. Caro-Kann Defence (11th match game 1987).

1 P-K4, P-QB3; 2 P-QB4, P-Q4; 3 KPxP, PxP; 4 PxP, N-KB3; 5 N-QB3, NxP; 6 N-B3.

White normally advances 6 P-Q4, then develops his central attack behind doubled pawns or an isolated pawn. Sokolov's method gives a strong initiative. 6 . . . NxN; 7 NPxN, P-KN3; 8 P-KR4, B-N2; 9 P-R5, N-B3; 10 R-QN1, Q-B2; 11 B-R3, B-B4; 12 R-N5, P-QR3; 13 R-B5, Q-Q2; 14 Q-N3, 0-0; 15 PxP, PxP; 16 B-B4, B-B3; 17 P-Q4?

A natural choice, but White's congested queen's side force gets into a tangle. Critical is 17 N-R4, when if BxN; 18 RxB, P-QN4; 19 B-Q5, N-K4 (if N-R4; 20 Q-N4 with the idea Q-KB4-R6); 20 BxR, N-Q6 ch; 21 K-B1, NxR; 22 Q-Q5 looks at least equal for White.

17 . . . P-QN4; 18 B-Q5, N-R4; 19 Q-Q1, N-N2!

So that if 20 BxN, QxB Black commands the light squares while the QB5 rook is stranded.

20 N-K5, BxN; 21 PxB, NxR; 22 Q-Q4.

Hoping to play P-K6 or R-R8 ch, but this is easily stopped. Black also wins after 22 BxN, QR-Q1.

22 . . . N-Q6 ch; 23 K-B1, Q-R2; 24 BxKP, QxQ; 25 PxQ, N-B5; 26 Resigns. For if 26 BxQR, RxB; 27 B-B6, N-R4 there is no mate and Karpov wins with his extra piece.

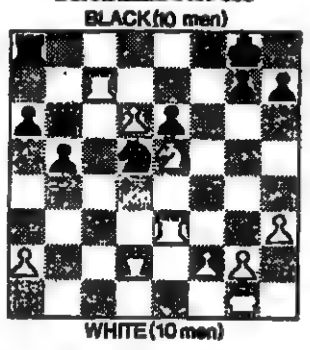
Top positions on FIDE's published world rankings are Kasparov 2735, Karpov 2710, Sokolov and Yusupov 2645, Korchnoi 2625. Sokolov's elimination coincided with Yusupov's moderate performance in the USSR championship, where he was in fourth place with a couple of rounds to go.

Thus, Nigel Short, officially 2615 but up to 2640 or 2645 after his Wijk and Reykjavik successes, is now challenging even more strongly for world number three.

Next week, Short begins play at the Swift Banking Services international in Brussels, where his opponents include Kasparov, Karpov and Korchnoi.

PROBLEM No. 666

BLACK (10 men)



WHITE (10 men)

Bator v Lengyel, Stockholm 1986-87. Black has just forked White's rooks with his knight. Should White move one of the attacked rooks, counter-fork by N-Q7, or play a different move?

Solution Page XXIII

Leonard Barden

Get agreement in writing

The boundary line between my parents' and neighbours' houses runs between their respective garages, which are each set back some 15 inches from the boundary line. Some four years ago, the neighbours converted their garage into living accommodation, at the same time incorporating their entry, which ran between their house and garage, into their scheme. They therefore had no access, apart from through their house, to their back garden.

With my parents' permission, they have utilised the gap between the garages for such access. They get on very well together and no formal agreement or written permission, etc, was given. I am concerned that at some time in the future, we might wish to utilise this space. What action should my parents take to ensure that they retain full ownership and rights over their half of the pathway?

Your parents can get the neighbours to write them a letter acknowledging that the neighbours' use of that part of the part of the pathway owned by your parents is with your parents' consent by way way of a revocable licence. This will ensure that your parents' position is preserved for at least 40 years.

Permissible CGT losses

In your issue of September 28 1985 you replied to a reader's query regarding CGT losses under the heading "What you are allowed to lose."

Can you update that information please as my HMIT is not impressed.

You will have seen from the FT Law Report of January 13 that the Revenue's appeal in Elliss v BP Oil Northern Ireland Refinery Ltd was dismissed unanimously by the Court of Appeal.

We have consistently maintained over the years (the earliest published comment being in our column on May 7 1977, as far as we can trace) that the deduction of allowable losses is permissible, not mandatory. An allowable loss is something which a tax inspector must allow if the taxpayer wishes: it is not something which a tax inspector can force down a taxpayer's unwilling throat. Following the Appeal Court's confirmation of Mr Justice Walton's decision in the BP Oil Northern Ireland Refinery case, it seems inevitable that the Board will concede that its original view on the willy-nilly deductibility of allowable losses has now become untenabie.

Misleading tax advice

I have a property in my name with a mortgage of £30,000 and my wife has a property in her name with a mortgage of approximately £6,000 outstanding, which is occupied by her widowed pensioner mother. I know that one is entitled to tax relief on a second property occupied by a dependent relative, as in this case, but is our combined entitlement still limited to a maximum of £30,000?

I am now told by the Inland Revenue that the answer is "Yes" but in a previous correspondence the HM Inspector of Taxes said "you are correct in thinking that as well as you being entitled to tax relief on £30,000 of your personal private residence, tax relief is also given for mortgages held on property occupied by a dependent relative."

Could you enlighten me as to the correct point of law.

The answer is Yes, we are sorry to say. You will find confirmation of this in the free explanatory booklet IR11 (Tax Treatment of Interest Paid), which is obtainable from tax inspectors' offices.

As you were misled by a tax inspector who had not taken the trouble to look at paragraph 5 of schedule 1 to the Finance Act 1974, you have a potential ground for a complaint to the Parliamentary Commissioner (the Ombudsman). If you are not satisfied with the compromises offered by your current tax inspector in respect of the excess mortgage interest, you may wish to contact your MP (as suggested in the Taxpayer's Charter, issued last July jointly by the Inland Revenue and the Customs & Excise).

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Offensive chickens

Situated near to my home is a poutry farm, which in the past gave little cause for complaint. A few years ago, however, the farm changed hands, and has since been greatly extended and intensified, in fact many residents complain, but more especially myself. Buildings with extractor fans have been brought to within 3 ft of my garden boundary, and most of the time it is not even possible to enjoy the pleasure of my garden, and my home is also now affected. Visitors complain to me and ask what am I doing about the nuisance? Have we much chance of success if we resort to law for the nuisance to be abated?

It is very likely that you could obtain and injunction requiring the farmer to abate the nuisance. We cannot tell whether the degree of offensiveness of the smell is sufficient to amount to a common law nuisance, but it is quite likely to. It is important that you should not have allowed too long a period to elapse since the nuisance reached its height. You would be wise to consult a solicitor as soon as possible.

Pursuing a tax credit

When my niece, who has been resident in Grand Bahama for 21 years, was visiting me recently, she showed me a dividend warrant for shares in Shell Transport purchased in about 1965, and I asked if she had claimed the tax shown. Can she claim any tax paid over the years, if so how many years?

It is not strictly correct to talk about "tax paid" on your niece's Shell Transport dividends in recent years: deduction of income tax from dividends of UK companies was abolished from April 6 1973. Nevertheless, as she is a Commonwealth citizen she may be entitled to some payment of tax credit (in respect of dividends paid after April 5 1980) but this depends upon the size and composition of her worldwide income; we are assuming that she is single. A claim for 1980-81 must be submitted (to the Inland Revenue Claims Branch, Foreign Division, St John's House, Merton Rd, Bootle, Merseyside, UK, L69 9BB) before Sunday April 5. A free explanatory booklet, IR20 (1986), entitled Residents and Non-residents: Liability to Tax in the UK, is obtainable from Claims Branch or from your own tax inspector's office.

BRIDGE

WHEN a hand, which requires special technique to fulfil the contract, appears in print, the sceptics are inclined to say: "Oh, that is contrived. It does not happen over the table." To refute the sceptics, let me give you two hands that occurred a week ago in the same rubber. Here is the first:

N
♠ K 6 2
♥ 5 4 3
♦ A 7 4 2
♣ 9 7 6

W
♠ Q 3
♥ 8 6 2
♦ Q J 8 6
♣ 10 5 4 2

E
♠ A
♥ Q J 10 9
♦ 5 3
♣ A K Q J 8 3

S
♠ J 10 9 8 7 5 4
♥ A K 7
♦ K 10 9
♣ —

Neither side was vulnerable but East-West had a part score of 40 when East dealt and opened with three clubs. Sitting South, I overcalled with four spades, and after two passes East competed with five clubs. North raised to five spades and all passed.

West led the two of clubs, East produced the knave, I ruffed, and ran the five of spades. East took her ace and switched to the queen of hearts. I won with the ace, crossed to the king of spades, drawing West's trump, and ruffed a club.

I could get home if diamonds broke evenly but I dismissed that chance as unlikely. So I decided to play East for four hearts and two diamonds and operate an endplay. I led the ten of diamonds, West covered with the knave, and dummy's ace won. I ruffed the last club to eliminate that suit, cashed the diamond king to strip East of that suit, and played king and another heart. East won, and was endplayed. She could not avoid conceding a ruff discard whether she played a heart or a club.

My left-hand opponent, none other than my friend and frequent partner Lewis Ellison, sportingly said: "Well played."

This was the hand which followed:

N
♠ A 8 6 3
♥ K J
♦ A 9 6
♣ K J 10 9

W
♠ —
♥ Q 9 7 3 2
♦ K Q 10 8 3
♣ Q 8 2

E
♠ J 10 4 2
♥ 10 6 5 4
♦ J 2
♣ 6 5 3

S
♠ K Q 9 7 5
♥ A 8
♦ 7 5 4
♣ A 7 4

I opened with one no-trump on the North cards (I have altered the positions for convenience), and my partner replied with three spades. Holding a minimum, I was tempted just to bid four spades, but with two first round and two second round controls, good intermediates, and four spades I decided to bid four diamonds. South said four hearts, I said four spades, and South rather optimistically jumped to six spades.

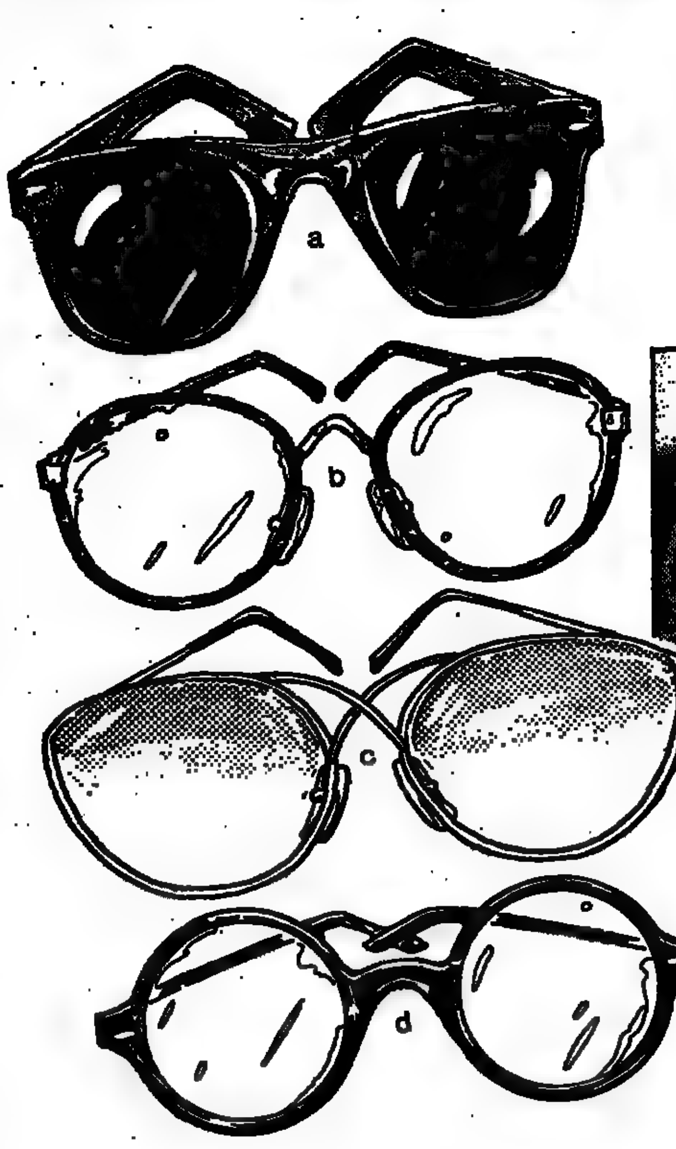
West led the king of diamonds, which did not help our cause, and the ace won. As a safety play against four trumps in East's hand—nothing can be done if West holds them—dummy's ace should be played. When the 4—0 break is revealed, the declarer can pick up East's trumps by finessing twice. Alas, my partner played the three of spades to her king, and although she took the right view in clubs by finessing against West for the queen, she went one down.

The cards did not forgive and *we lost the rubber. Funnily* enough, two days later I was faced with the identical situation in a diamond contract. I led low from my five diamonds to the king, queen, and nine to dummy's four to the ace, and found East with the four missing trumps.

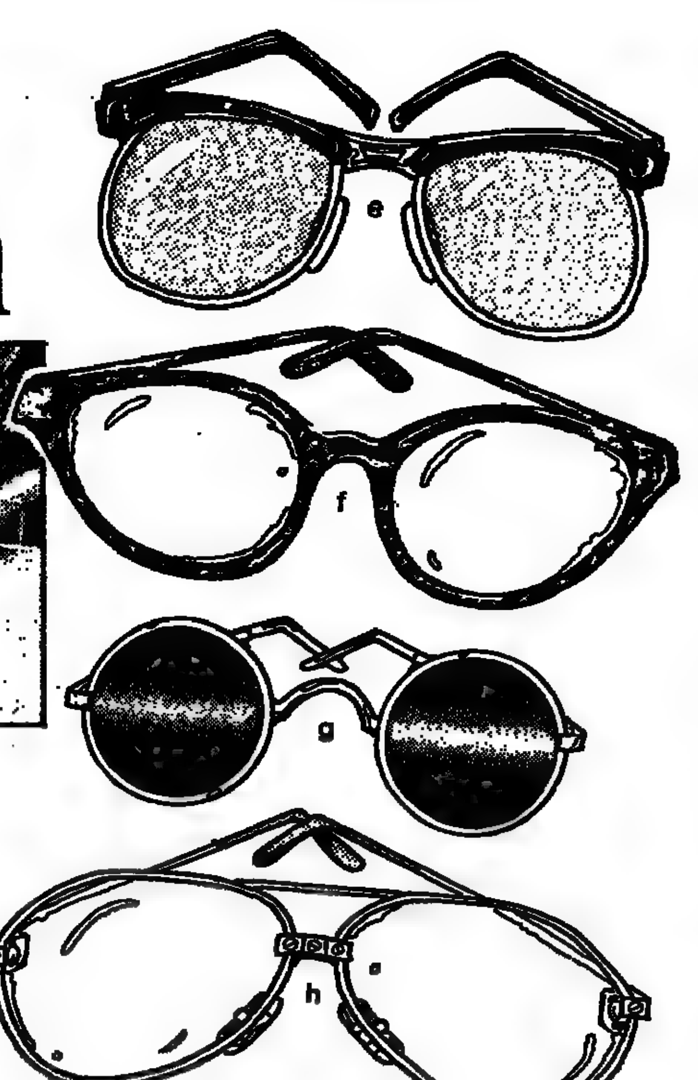
E. P. C. Cotter

• DIVERSIONS •

The glass of fashion



Catching on fast are eyeguards for squash players—Dolland and Aitchison sell them at £24.95 with plain lenses, £34.95 for single vision prescription lenses.



Most good opticians these days carry excellent ranges of frames. Here we sketch some of the currently fashionable looks—these frames all came from For Eyes.

a) Tortoiseshell look Raybans with dark shades for the film-star look. £45.
b) Anglo-American's fine tortoiseshell frames with high gold bridge. £64.50.
c) Bright yellow frames by Christian Dior, orange tinted lenses. £129.50.
d) Another, slightly thicker, round tortoiseshell frame from Anglo-American, £64.50.
e) Gold and black trim frames by Fiorucci, dark tinted lenses. £25.
f) Blue and black zebra-patterned frames by Anglo-American. £64.
g) Perfectly round steel rimmed frames with mirrored lenses. By Fiorucci. £25.
h) Slim gold rimmed Cartier specs—successful executive look. £185.

Drawing: Anne Morrow

Lucia van der Post

HOW TO SPEND IT

LOOKING BACK at the controversy that raged around the ending of the opticians' monopoly in December 1984, my suspicions at the time (which was that all the whingeing about the "commercialisation of optics" was just one professional group seeking to keep to itself its monopoly and its profits) seem abundantly justified.

Today the consensus is that professional standards are, if anything, higher than ever before. The equipment, both for testing eyes and for grinding lenses, is better and more advanced, while the possibilities for tinting and protecting lenses as well as for coping with specialist sight problems have all increased enormously.

The post-Thatcher spectacle shops have made the buying of specs cheaper, faster and a lot more fun. Even the staidest of opticians, against whom I railed roundly for their prices, their dullness and their slowness, are now sending out jolly brochures full of alluring articles and equally alluring spectacles. They've been forced to bring their prices down, speed up deliveries and smarten up their ranges.

One leading optician that I spoke to told me that he was paying more 15 years ago for lenses than he does today; that fashion frames which used to cost about £100 a throw can today be bought for about £40; and where his shops (the George Davis chain) used to carry about 350 frames per shop, today the average stock is about 1,000.

The style of selling, too, has changed. Where once most opticians purveyed a serious, medical air, more in keeping with the delivery of dire news, today there are usually no separate dispensing rooms. Rather there are open-style shops where customers may browse, see prices clearly displayed, choose and try on as they might shoes or hats. Instead of waiting a couple of weeks for the right lens and frames, all George Davis shops have glazing on site, lenses can be cut there and then and only if specialist tinting or a very special lens is required do customers have to wait longer than a day.

For children under 16 (or under 19 if in full-time education) and for those entitled to supplementary and some other forms of benefit, one great boon has been the introduction in July 1986, of the voucher system.

This means that where before they had the choice between either a NHS frame or paying the full cost of a more fashionable frame, today they are entitled to a voucher varying in price between £14.25 and £66, depending upon the lenses required. This voucher can be used to contribute towards the cost of a pair of more expensive glasses. In the old days, somebody who wanted a non-NHS frame had to forfeit any NHS contribution.

The voucher, according to a spokesman for George Davis, has revolutionised the children's spectacle market in particular. In the old days this market was mainly in the limited range of NHS frames and most opticians would offer perhaps six "fashion" frames. Today, with many more parents willing to pay the difference between the voucher and a more pleasing frame, the choice usually runs to at least 30 models.

Though few parents can afford or would wish to buy their children a "wardrobe" of spectacles (apart from anything else, children being children tend to lose, break and grow out of any frames they have), they are at least able to soften the blow of having to wear specs by buying them in brighter colours, with more flattering frames.

Several opticians (including George Davis and Dollond & Aitchison) now find the children's market so profitable that they have introduced special children's corners and, like the Dollond & Aitchison "Roland Rat" range, special frames—all a far cry from pre-voucher days.

While the expansion of the fashion frame market is self-evident what is perhaps less evident is the increasing sophistication of lenses. Today the lens possibilities are almost limitless. Apart from single vision lenses and bifocals, there are now trifocals so beautifully made that the wearer has almost continuous vision without anybody else being aware the spectacles are anything out of the ordinary. Ask, too, about varifocals if you need glasses for long, close and middle distances—these, like trifocals, need careful prescribing so allow plenty of time for the consultation.

Specialist problems — like glasses for sport, for X-ray technicians, for VDU operators, for those who have had cataract operations—are all catered for with increasing success. Anybody who wants to see the full range under one roof might like to know that towards the end of April Dolland & Aitchison will open one of the largest specialist optical stores in England. They call it Eyeland House; it will open at Colindale, London, NW9. Over 4,000 square feet will be given over to some 3,000 different frame styles (take your time!), as well as a video system which will allow you to try on different styles of frames and then see how they look on the replay.

There will be a special contact lens department (nowadays you can change the colour of your eyes to match your outfit by simply changing lenses) as well as counters dealing with every other spectacle problem from sports to sun, from safety glasses to monocles and lorgnettes.

For those who can't make it to Colindale it is worth remembering that Debenham's stores have special optical departments (the name, "Pearle Vision" is ghastly but never mind—the service is excellent). There you can have a professional National Health eye test, try on a wide range of frames and have the prescription made up within the hour.

Nearly all the established opticians have smartened up their act—George Davis, Dolland & Aitchison, new boys For Eyes and many other chains will give you excellent advice and all the fashion choice you need.

If you're interested in current trends their answer is almost unanimous — tortoiseshell, tortoiseshell and more tortoiseshell. Raybans are still going strong, and those who go in for a "wardrobe" of spectacles go in for colours to match their outfits. For what it is worth, almost every short-sighted fashion editor in town sporting a pair of Anglo-American's slim, tortoiseshell rimmed frames not unlike the famous round-rimmed National Health specs universally despised by all except John Lennon (see them sketched second from top left).

CHOOSING A FRAME

NOW that glasses have become more than just an aid for the myopic, the long-sighted and the astigmatic, they should be fun to wear and, above all, flattering. Much advice is dispensed about what shapes of frame suit which faces, and most of this is so much gobbleydegook—who, after all, has a face which fits the square, heart-shaped, rectangular or oblong categories most often referred to?

As with everything else, there is no substitute for experimenting and shopping around. A high bridge can make undistinguished noses look a little lengthier and more distinguished; a wide frame can make close-set eyes look more obvious. Above all, make sure frames are fitted properly, by the optician, ensuring that they sit properly over the eyes and on the bridge of the nose.

MAKE-UP

PUTTING on make-up is hazardous for those who can't see properly without glasses. It's a good idea to invest in one of those folding zoom mirrors, and make sure you put it in a good light. Those seriously into eye make-up could invest in a pair of "make-up" specs: these have moveable lenses; you keep one lens over one eye and move the one on the eye you're painting.

Remember that lenses for long sight magnify the area around the eyes, which may include lines, bags and wrinkles as well as their wondrous blue. The long-sighted should therefore go easy on the make-up and wear as little as they can get away with.

Lurid colours don't look good behind specs either, so keep the eye-shadow as subdued as possible. Mascara often causes trouble—the well-endowed may find their eyelashes beating up against their glasses. Wear runproof and waterproof mascaras.

CONTACT LENS USERS

APPLY make-up after you have put in your lenses and remove make-up before you take out your lenses. Don't use mascara that consists of fibrous particles because these easily flake into the eye. Also avoid dusty eye shadow, very greasy eye make-up removers, and eye-shadows which may slip into the eye itself. Choose the allergy-tested brands of make-ups and removers like Almay, RoC, or Clinique.

Eyecare and Optique are two ranges of oil-free eyecare cosmetics specially developed for contact lens wearers and for people with sensitive eyes. They have been tested to make sure they don't scratch the lenses or the cornea, or cause any chemical reactions. Both Eyecare and Optique sell in good opticians.

EMERGENCIES

If you go to the US, look out for those over-the-counter magnifying specs in several strengths, which can usually be found more cheaply than in the UK. I keep a couple of pairs around in case I lose my glasses — a depressingly frequent occurrence.

Commuters to Victoria Station might like to be reminded that The Glass House at 7 Wilton Road, London, SW1, sells emergency reading glasses without prescription over the counter—a great success with commuters who arrive at work having forgotten their specs at home. This is not a substitute for a proper eye test; you should check up with a qualified optician, but it is a useful emergency service for those who need a simple magnifying lens. Prices range between £9.75 and £19.75.

Some spring lambs skip out of flavour

FOOD FOR THOUGHT

HAVE YOU ever thought of a sheep as an automated, eco-efficient muck spreader? According to Edmund Sandars, in the enticingly-entitled *The Beast Book for the Pocket* (OUP 1937), they were once highly rated as such. In a learned footnote, he quotes a Yorkshire keeper as saying: "Sheep is gran' things. They ligs (lay or spread) their own moock and trondles (treads) it i t'ground."

Sandars goes on to list 38 different breeds including the romantically named Lancashire Lonk, the norse-sounding Devon Longwool, and the seductive Devon Gritstone. Some of the breeds known to Sandars still end up as leg or shoulder or chop in homes up and down the country. Others, sadly, linger on only in the care of the Rare Breed Survival Trust.

However, this sudden flurry of information has been sparked off less by an interest in sheep as *ovis aries* than by an advertisement for spring lamb I saw the other day. I sometimes think that ads are a more reliable guide to the changing season than the daffodil or the crocus.

Evan at this very moment, apparently, the first of the "spring" or new season's lambs are skipping to our tables and will be with us by Easter. Paschal lamb is a gastronomic condition, as well as a religious one, particularly over on the continent where milk-lambs are thought of highly. But have you ever wondered how a season that is new in April can still be new in October? Is this really a natural state of affairs? Or simply another cunning ploy of the meat industry?

The answer, of course, is really quite mundane, and it has all to do with the accommodating nature of the sheep. Unlike us, different breeds breed at different times.

The Dorset Horn and the Dorset Down get together on the rolling hills of the West Country in September and October ready to produce in January and February, 152 days being the gestation period on average. Then the turn is passed on to the Swaledale and Blue-faced Leicesters of Suffolk and the eastern counties, which look after us during July and August. Finally, the hardy Scottish and Welsh hill breeds see out the season in September and October. If we stretch a point as far as New Zealand, we can practically have new season's lamb all the year round.

Before I get buried beneath an avalanche of letters from angry farmers about the actual breeding dates of their particular flock, let me quickly add that this is only the approximate guide, not a definitive one.

However, the real question is whether there is any difference in flavour. According to John Brewster, the Lamb Lord of Smithfield, the answer is a thunderous "No." He maintains there is no connection between breed and flavour, although he does concede that there might be one between diet and flavour.

Brewster speaks for the trade and for the farmer, and I have no doubt he speaks the truth. What the trade and the farmer want is an economically viable animal that will produce consistent results to a consistent specification, or conformation as it is known in the trade — ie, more meat in the expensive cuts such as saddle, legs and ribs, and less in the less expensive cuts such as shoulder. Cross-breeding with breeds like the Dutch Texel is carried out with a view to achieve the perfect shape, not to improve the flavour.

I have remarked before on the effects of economics on food —conformity, uniformity, profit. Very little lamb is hung properly for the same reason.

A lamb is a lamb until its milk teeth give way to adult incisors after about 12 months. Then lamb becomes a hogget; it turns into mutton after three years, but not many sheep live that long. So a lamb, particularly a spring lamb, is an immature animal. It hasn't had much chance to develop any flavour of its own but it is tender. Flavour? Do me a favour.

So, that's what we get. Yes, it has a nice, fresh rosy colour with a touch of intra-muscular fat. Darker meat will show it is an older animal, or possibly one of the late Welsh or Scottish breeds, depending on the time of year. These should have more flavour but, if they have not been hung, will probably be on the tough side. There should be a covering of white fat about one-eighth of an inch thick. Creamy or yellow fat is definitely not recommended. And that's your classic nice, juicy, tender bit of lamb — perfectly agreeable in its way, but more a vehicle for redcurrant jelly than a tasty little number in its own right.

The other day, I discovered just how tasty this meat can be when I carved up a couple of legs of Hebridean lamb from Heal Farm in Devon. I strongly recommend that everybody should try them once a year at least. True, they were small. True, they were expensive (over £4 a lb). But they were absolutely delicious.

The texture was denser and finer than what I had been used to, and the smell as they roasted was quite rank. But they were as tender as any normal leg and the flavour was superb — distinctive, slightly gamey and delicate.

Heal Farm is part of the Rare Breed Survival Trust and hangs all its lamb, even the Southdown varieties, much longer than is the conventional wisdom. My two legs had been in the chill room for three weeks. Ann Wilson of Heal Farm readily admits that such an operation isn't really commercially viable unless they charge prices substantially higher than those in the high street, and there aren't many people prepared to pay them.

Or are there?

● *Heal Farm, King's Nympton, Umberleigh, Devon EX 37 9TB. Tel: 076 95 2077.*

Peter Fort

Cookery

Small is spiced with sadness

Anne Morrow

I LEARNED to cook in a bachelor flat equipped with a pre-war gas cooker by New World. It was a massive and ancient stove, but solid and reliable. People scoffed at it, but it was my trusty friend.

The brand new cooker acquired with my husband was a Belling, a model called the Classic 80. I still have it; it has stood me in good stead down the years, but the time has now come when I should consider giving it an honourable retirement.

Finding a replacement is not easy. Where we now live there is a gas supply, so perhaps I could go back to New World, my first love.

I flirted with a New World model called The Spectrum when it was launched a few years ago, which I saw and coveted in other people's kitchens. But it seems I have left it too late. Its ghost lives on in my dreams, but The Spectrum itself has gone out of production.

Other, more up-to-the-minute models seem tinny and lightweight. I hate those boastful rows of flashy dials, like cheap digital watches. Aesthetics apart, the "new and improved" features on many of today's cookers are often disappointing.

I rather like the idea of two ovens but it seems impossible to find a cooker with two conventional, that is, normal ovens. The second one invariably turns out to be a specialist job— [illegible] on most modern British cookers —they seem to be shrinking. The grills on continental cookers are a better size, but on continental cookers the grill is usually housed in the oven— which is hellish if there is only one oven.

Is it asking too much to want a cooker with at least one conventional oven, and a separate grill with a pan grid measuring a minimum of 15 x 11 inches (preferably a good deal more)? Until I find one I think I shall stick to my faithful old Belling until it drops dead in its tracks.

In sad acknowledgement of today's small grills, the following recipe serves only 3-4 people.

Chicken wings are cuts I have ignored for many years—except for stock-making, where they are invaluable. But the state of the housekeeping budget has encouraged me to try them again. To my great pleasure I find they are surprisingly good in some casseroles, but they are best grilled, making a crisp and enticing finger food.

Serve these spiced chicken wings piping hot with a generous salad on the side for a light lunch dish. Or, to make [illegible] rice scattered with coriander and garlanded with slices of pickled lemon or lime.

Spiced chicken wings are also very good cold. Their crispness is lost, of course, but they make attractive portable food for, say, a point-to-point picnic.

SPICED CHICKEN WINGS

About 2lb chickn wings; 1 tablespoon each black peppercorns, coriander seeds and [illegible] a few spoonfuls of sunflower oil.

Using an electric spice mill, coffee grinder or mortar and pestle, reduce the peppercorns, coriander and cumin to a coarse powder. Crush the garlic with 1 teaspoon of paprika, ½ teaspoon salt and some chilli powder—a generous pinch of chilli is enough for my taste but you may like to use more. [illegible] tablespoons oil to make a creamy paste.

Prick the chicken wings all over with a fork, and turn the pieces over and over in the flavourings to coat them evenly. Leave to marinate for at least 45 minutes—preferably for several hours.

Put the chicken wings on the grid of a grill pan and cook under high heat until the skin begins to crisp. Move the pan further away from the heat and grill more gently for a further 15-20 minutes until the wings are well cooked. Turn them at least once during this time.

Finally, increase the heat again and put the pan close to the flame for a few minutes to give a very crisp golden finish.

Serve the chicken wings sprinkled with the spicy bits that have fallen into the pan base (but pour off and discard the pool of fat).

CHICKEN WITH CORIANDER AND LEEKS
Serves 2

Steaming, like grilling, is enjoying a revival with health-conscious cooks today. Here chicken is steamed by cooking it in a sealed parcel so that all its flavour is retained. A pretty, delicate and fresh tasting dish.

2 boneless breasts of [illegible] a small bunch of coriander; 2 tablespoons of best olive oil and 1 teaspoon of lemon juice.

Skin the chicken breasts, and dust them with a little salt and plenty of pepper. Lay each portion in the centre of a piece of clingfilm and place a sprig of coriander on top of each one. Draw the film over the meat, excluding as much air as possible to make a neat, well-sealed parcel.

Trim and clean the leeks. Measure the olive oil into a small saucepan and add some salt and pepper. Coarsely chop two tablespoons (or more) of coriander leaves, and reserve separately. (All these preparations can be done well ahead.)

Start cooking about 20 minutes before you plan to serve the dish.

Drop the chicken parcels into a large pan of boiling water and cook at a bare simmer for 12 to 15 minutes. Let the cooked chicken rest in its wrapping in a warm place for five minutes. Steam the leeks with a few sprigs of coriander, then blot them dry and arrange them on a warm serving dish. Warm the olive oil.

Quickly carve each chicken breast into four slices and arrange them alongside the leeks. Add the lemon juice to the oil and immediately pour the sizzling mixture over the leeks and chicken. Scatter with chopped coriander and serve with hot crusty bread.

King of the road

IT IS not long now before the first halibut season in Alaska. After that, there is always the chance of an Eskimo needing a helping hand when the salmon are running. Failing that, there might be an opening in the freelance "moose-parking" business, this involves lugging shot game out of the bush before the bears get it, or you.

One way in which a parent can solve a teenager's unemployment problem is to invest in a copy of the latest *Work Your Way Around the World* by Susan Griffith (£6.95, Vacation Work, Oxford). A parent does not want to appear desperate to shift the indolent offspring from under parental feet, but there is no harm in mentioning that ready cash is to be earned from picking Iowa's asparagus in April or, come August, blueberry raking in Maine.

This is not to say that the US is invariably the promised land for the hard-up hobo. It it possible to end up selling blood plasma twice a week at $8 a splurge, with the only work in view dependent on successfully lying to the interviewer's lie-detector.

Soviet work camps, oddly enough, are not thinly disguised penal colonies, with inmates needing an Amnesty campaign before they are allowed out. Rather the opposite, in fact: Westerners tend to be given the cushy numbers. In parts of Yugoslavia, the snail harvest brings its reward to the enterprising capitalist—305 dinars a kilo was the 1985 figure, and whatever the present exchange rate, the takings may compare favourably with a student grant.

The working conditions most similar to those found in a high-security gulag occur in the UK. According to another guide by the same author and publisher, *Summer Jobs, Britain*, the Rowett Research Institute in Aberdeen does not put a lot on the plates of its volunteers, but what there is they must eat. This is part of a study of closely-monitored diets, and the human guinea-pigs "are not allowed to leave the grounds except for controlled visits to the cinema."

The control is presumably established not to prevent them seeing unsuitable films but to rule out any clandestine consumption of ice cream. A small daily allowance is paid but cannot be spent on sweets.

A similar regime is on offer at the Common Cold Unit in Salisbury. "Volunteers are given drops which may or may not lead to a mild cold or a mild attack of 'flu,' and will have to decide if this personal sacrifice is worth £1.75 a day pocket money.

Last year, a Mrs E. S. Bonn of Jersey was offering the use of a car to her au pair, but she does not list this for the lucky girl in 1987. Still, she does appear to have homes in both the Channel Islands and the Scottish Highlands, with only a 12-year-old daughter to be supervised.

It certainly beats the "toilet cleaning" offered by Alston Farm Caravan Site in Devon, and leading a donkey up and down the beach at Tenby for East Tarr Farm and Riding Stables. Yet, those count as nice work if you can get it when compared with the more far-flung activities suggested by *Working Holidays* (£4.80, Central Bureau, London W1).

"Conditions can be tough," warns the Swaziland Archaeological Research Association. Since the work takes place at two open-air cave sites in the bush below the Lubombo mountains, and consists of "cleaning beads and large microblades from the Pleistocene period," one takes the point that this is rather more rigorous than being a mother's help in Jersey.

The Australian Trust for Conservation Volunteers can run this a close second in the hardship stakes: "Restoring the penguin habitat at Penguin Parade on Phillip Island and working on the Winter Swamp conservation project."

But it is a Finnish undertaking that might make a parent hesitate before persuading his children to sign on. "Collecting winter foodstuffs for reindeer," sounds bad enough. And "repairing abandoned lumberjacks' cottages in Lapland" sounds even worse. Which were abandoned, the the lumberjacks or the cottages? And why?

Jonathan Sale

Nicholas Woodsworth sets Van Gogh's genius and his 'Sunflowers' against his last years in Provence

A master among the madmen

TWO OR three kilometres outside the tree-shaded Provencal town of St Remy, at the foot of a mountain chain of bare and twisted rock, lies a complex of buildings known as St-Paul-de-Mausole. Although they are fine examples of 12th century Romanesque architecture, the church and cloister here are rarely visited by tourists. A silence hangs heavily in the air at St Paul, and the presence of a high stone wall that completely surrounds the site adds to the atmosphere of restraint. Originally an Augustinian priory, St-Paul-de-Mausole is today an insane asylum, and its wall is intended to keep people in rather than out.

Walls are rarely the subject of much attention anywhere but this one has become celebrated, at least in the world of modern art. It figured as a motif in works on show at a recent major post-Impressionist exhibition in New York's Metropolitan Museum of Art. It has been written about by critics, psychoanalysts, art historians, interpreters of meaning and searchers after symbolism. For all that, it is only a simple wall enclosing an ordinary field. No doubt it would have remained unknown to this day had not one of the asylum inmates, for whom the wall formed an inescapable part of the daily landscape, been Vincent Van Gogh.

The Metropolitan show was a sequel to the highly-acclaimed 1984 exhibition, Van Gogh in Arles. Called Van Gogh in St Remy and Auvers, it was devoted exclusively to the last 15 months of Van Gogh's life and traced his development from May 1889, when he left Arles for the St Remy asylum, to July 1890 when he committed suicide aged 37 in the northern French village of Auvers-sur-Oise. All but 70 days of this period were spent at St-Paul-de-Mausole; and it was here that the artist painted some of his best known works including The Starry Night, The Reaper, and Cypresses. Along with the many well-known tableaux painted at "la Maison Jaune" in Arles, the works executed at St Remy represent the crowning achievement of one of the most intense, exploratory, and painful careers in the history of modern art.

From the beginning of his posthumous celebrity, Van Gogh has commonly been characterised as a madman, a deranged individual whose strength of tortured inner vision was so great that it drove him to artistic creation almost in spite of himself. Certainly no single painter's act has so captured the popular imagination as that of Van Gogh's making a present of his severed ear to a favourite prostitute in Arles — not, by any standards, the act of a reasonable man. The whirling skies, the writhing tree branches, the twisted landscapes of Van Gogh's St Remy work have all been cited as evidence of a demented sensibility. And, indeed, the myth of the mad artist does find its roots in mental illness, but the popular conception is far from the truth.

Whatever Van Gogh's illness might have been—it was diagnosed at the asylum as a form of epilepsy, and various other causes ranging from syphilis to over-consumption of absinthe have been conjectured upon—it had, in fact, no direct effect upon his painting. Van Gogh suffered periodically from what he called "attacks"; they lasted from one to five weeks and included hallucinations, irrational terror and complete disorientation. He also had long uninterrupted periods of absolute lucidity, and it was then that he painted. Methodical, objective and highly analytical. Van Gogh's vision rests solidly on a detailed examination of the world around him. In terms of his painting, his struggle was less with himself than what he called his "hand-to-hand struggle with nature."

Van Gogh was above all an observer, an interpreter of reality dissatisfied with more superficial methods of examination. His original reasons for going to Provence had been technical—he felt that seeing things under a bright Mediterranean sky would help him to understand better the Japanese prints and Delacroix paintings he so admired. But technical interest was soon supplanted by a feeling that Provence offered him help in his struggle towards a new way of painting and a new conception of art. "Certainly," he wrote from the asylum to his brother, Theo, a Paris art dealer, "this is the road on which there is something new, the road to the South, but men of the North find penetrating it difficult."

Particularly difficult for Van Gogh was good relations with the people of the Midi—his neighbours in Arles had gone so far as to sign a public petition to have him locked away as a dangerous menace. Although he thought much of the beauty of the women of Provence, and developed strong friendships in both Arles and St Remy, he had little liking for the local people generally. To Theo, he wrote: "What I can't understand is their absolute idleness. But that is the great fault of the South and its ruin." In another letter, he noted that local people took advantage of outsiders in Provence; they saw it as their duty, he said, to fleece foreigners for all they could.

Neither did Van Gogh, in his voluminous correspondence, have much good to say about Provencal cooking, the Roman monuments that formed the principal tourist attractions in the area, or the Mistral, the violent Rhone Valley wind that made working outdoors so difficult for him. All this, however, was outweighed by the brilliant landscapes, the lively colours and, above all, the light and sun of the area.

"The sun in these parts," he wrote to his sister, Wilhelmina, in Holland, "that is something different. I assure you that in our native country people are as blind as bats and criminally stupid because they do not go somewhere else where the sun shines." Later, he enthused to Theo: "Ah, these farm gardens with their big, beautiful, red Provencal roses, the vines, the fig trees, it's all so poetic, and this eternally strong sun . . ."

Van Gogh's view of the French countryside at sunrise as seen from the asylum at Saint Remy where he was a patient in the autumn of 1889, shortly before his suicide. When it sold at Sotheby's in New York in 1985 for $9.9m it established a record price for an Impressionist painting. Now "Sunflowers," sold for £24.75m, has put the previous price into perspective

Noting that "the colours of the prism are veiled in the mists of the North," Van Gogh from his first days in Provence developed a strong, new style—the use of bright, rich pigments, a heavy impasto technique, and complementary colour schemes—to meet the challenges of his art.

The longer Van Gogh stayed in Provence, the more he felt he was becoming familiar with the real, rather than the superficial, nature of the country. "You must," he remarked, "get your eyes accustomed first to the different light." To a painter friend, Emile Bernard, he stressed the importance of direct observation from nature: "The great thing is to gather new vigour in reality, without preconceived plans or Parisian prejudice."

The portrayal of emotions ranging from anguish to serenity, he told his friend, did not require artistic abstraction—they could all be rendered directly from nature. Of overriding importance was the discernment of the true, and often hidden, nature of things.

Eventually, Van Gogh reduced his work on the Provencal countryside to the painting of three symbolic elements: olive trees, cypresses and mountains. These, he felt, were the very essence of the land he was trying to capture: and he hoped before leaving to create through their portrayal a complete *oeuvre* which he called Impressions of Provence. Hoping for a cure, he left for the north before he could complete this work, but you need only walk through the olive groves, cypress trees and hills around St-Paul-de-Mausole to see the degree to which he succeeded. Very little has changed since Van Gogh's time; and if it took genius to disentangle the inner character of Provence 100 years ago, it is not so difficult for the visitor to at least perceive it today.

The paintings are not deceptions. Van Gogh's olive trees may appear twisted and tortured. The thick branches of his cypresses may have a mobile life of their own. The bare rocks of his mountains may seem wildly contorted. But, if they do, it is because the sun, the Mistral and nature have contrived to actually make them that way. Van Gogh painted what he saw. He was no madman shut in behind an asylum wall but a perceptive observer who helped to break down the walls that stop men from seeing their surroundings.

Robin Lane Fox on the joys of country gardens

Perfect start to the week

"HEAVY CLAY, flat land and late spring frosts: not a very good omen for a garden, but it came with the cottage in 1971 . . .". This year, Number One, Feebers Cottages, Westwood, North Devon is one of 2,000 gardens that will be opening on Sundays for the National Garden Scheme (NGS): weather permitting admittedly, as the stream opposite the cottage tends to flood the front garden and maroon its hopeful visitors.

At times, it is easy to doubt the British reputation for good gardening: are those circular beds of carmine roses in so many front gardens really the envy of the world? The NGS is one reassurance that our crown is still deserved and 1987 marks its 60th anniversary. About £3.5m has now been collected for charity from the gardens' modest entrance fees, while the number of gardens which are fit for opening continues to rise sharply.

It would take years to visit them all, with or without dogs, teas or home-made cream teas. As always, the *Yellow Book of the National Gardens Scheme* will be the car-owner's essential companion, listing dates, addresses and times of each garden's opening; if the newsagents do not have it, try £2.25 to the Scheme's headquarters at 57 Lower Belgrave Street, London, SWE.

In this anniversary year, I have been preparing for my summer pastime with the help of a new commemorative book, called *Gardens Open Today*, it is edited by Martyn and Alison Rix, published by Viking at £12.95 and largely composed of short descriptions by the owners of five hundred of the Scheme's better gardens.

If you are planning a day's visiting, this illustrated book will help you pick your targets and judge their finer points. The owners advise you what to look for and afterwards you can decide if their self-assurance is justified.

Even if you never go near an "open" sign on Sundays, this book gives a rare panoramic view of Britain's gardening styles. You can put a mental picture to the brief descriptions, count the references to old-fashioned roses, and end by realising what a range of plants and soils are bruised relentlessly into shape by single women and married couples every summer.

At times, you will also wonder how much is being spent, apart from the hidden cost of owner-hours. At Stonewall Park, "the introduction of the ride-on tractor has greatly facilitated the maintenance of the glades. . ."; at Heaselands, near Haywards Heath, "the garden, begun in 1934, has now developed into some 30 acres"; near Tetbury, the vine-house of Roger Seelig is highlighted with bunches of Black Hamburg grapes in autumn which are "yet another reminder of a luxurious past."

Gardens open fall into two classes. Some arrived with an expensive Victorian and Edwardian legacy (at Hurst Lodge, the owner begins: "I am very lucky to have marvellous trees in my garden"); many others arrived with weeds, beastly soil and fierce winds ("Yaffles garden has been wrested from a tumbledown cliff at an angle of 70 degrees, clothed in bindweed, sycamore saplings, sow thistle etc").

The mid-1970s produced a notable crop of new gardens and self-made gardeners, although other hands are rather older (at Weeks Farm, Egerton, "I have progressed from mustard and cress in the nursery through one garden in Surrey, one in Kenya at 7,500 ft and two in Kent").

I particularly notice the number of gardens carved out of woodland, the number rescued from groundelder, and the frequent laments about honey fungus.

In Cornwall, the Holmans found that magnolias are immune to it and rhododendrons will survive if powdered copper carbonate is mived into the soil during planting: at Lustleigh in Devon, the Quickes should be interested, as they recommend only a frequent watering and thick mulches, especially of "stake peelings."

On happier ground, many good planting schemes abound: putting snowdrops round clumps of hostas (one follows the other); violet-mauve *Camanula Portenschlagiana* as a rampant cover under a dry-hedge of *Myrobalan Prunus*; and, on a north wall, bushes of the glaucouse Rose *rubrifolia*, a tantalising idea which the owner emphasises for this favourite rose, usually grown in sun.

Why do they do it all, the lawyers marking out borders with legal red tape, bankers retiring to break their backs in hill-top cottages, mid-life couples importing a total top-soil, and widows clinging on where once a husband reclaimed too bold a sweep of forest?

Sometimes, others do it for them—people like "Mr Peachey who starts work with first light and goes on till dusk; he is also a forester, an extra hand on the farm, whistles while he works and is able assisted by his wife."

Is it, outsiders ask, all dependent on the class system? Evidently not, to judge from the numbers of heroic self-maintaining owners. Gardens are also social levellers and the Duchess of Westminster speaks for many of our owner-openers: "What fun and interest it all is to so many of us, those owners who work like peasants and those who visit and admire."

Demanding the oddest efforts, many of these gardens invert the social distinctions which they are sometimes thought to show off.

Versatile babaco

HAVE YOU heard of the babaco? Most likely not because it has scarcely arrived in Britain and even the Royal Botanic Garden, Kew, was only able to give me a sketchy account of the plant. But I fancy all that will soon change, for the babaco is a delicious South American fruit now much in favour with New Zealand growers. Already, I am told, small quantities of the fruit are being sold in Britain between October and March but it was as crop plants in the greenhouses of the Horticultural Experimental Station in Guernsey that I encountered it last week.

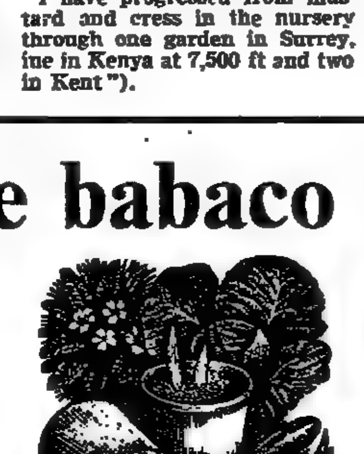
Babaco is a small tree closely allied to the papaw. Its botanical name is *Carica pentagona* and its sausage shaped fruits are similar to those of the papaw, Carica payaya, but are more regular in shape and are shallowly ribbed. They are ready to harvest when the hollows between the ridges turn yellow and can then be stored for many days in a refrigerator.

Fruits up to 3 lbs in weight can be obtained but the ideal for marketing would appear to be between 1 and 2 lbs and this can be more or less assured by cutting the trees down quite close to the ground every 18 months and then allowing two or three stems to grow up from each roots instead of the normal helps to restrict the tree to a height of about 10ft.

I have not yet eaten a babaco but am told that it is delicious. One description was of a combination of strawberry, pineapple and papaw. The whole fruit can be eaten, including the skin, and it can be used in many ways; as a starter filled with prawns, cottage cheese or caviare; as a dessert, sliced or filled with ice cream and a liqueur or boiled for a few minutes and served hot or cold with meat.

The Guernsey growers have been experimenting for a year and are now ready to produce the babaco commercially for the first time. Inevitably it will be on a small scale, partly because no one is yet certain how the public will take to this new fruit or how profitable it will be, but the omens are good. The babaco is apparently very healthy and requires much less heat than the papaya. In Guernsey they are still experimenting to find the optimum temperature regime for cropping and at the moment seem to be getting along nicely with a minimum of 10 degs C. (50 degs F).

As a crop plant the babaco has other advantages. The



ised and, without seeds, the fruit is even easier to serve and eat. It can be raised quite readily from cuttings rooted in a warm propagator but it does appear that there are two types of growth, juvenile and adult. For satisfactory fruit production, only the adult growth should be used as cutting material.

There are two different stories about the origin of the babaco. One is that it is a true species which has grown wild for thousands of years in the mountains of Ecuador but has only been cultivated locally.

The other story, which seems to me more likely, is that it is a hybrid between two species specified. Hybrid origin would account for the reluctance of the plant to produce seeds and might also explain its comparative hardiness and recent appearance in the market place.

For the Guernsey glasshouse grower, very much on the look out for new crops to replace the increasingly unprofitable tomato, the babaco must be of great interest. For the amateur gardener interested in novelty there may also be value in *Carica Pentagona*. Clearly it could only be a practical proposition in a fairly high conservatory but possibly if grown in a large pot or small tub and given rather different pruning it could be made more bushy.

The problem at the moment would be to find anyone with young plants for sale but if gardeners start asking for them they are sure to appear. The babaco is well established in New Zealand nurseries and several of these have been active in recent years in flying rooted cuttings of many choice plants to other nurseries all over the world. There are numerous British nurseries buying such young stock from New Zealand. Perhaps the first step would be to look for the babaco fruits in the food stores this summer, sample them and then decide to be able whether to pursue the matter further.

Peter Gillman introduces a rugged series

Take the high way

WALKING as a leisure activity sounds such an indolent pursuit. It conjures images of green landscapes and summer days, of knapsacks and stout boots, of pubs and picnics. It has a wholesome air about it too: of ramblers with ruddy cheeks negotiating stiles and doggedly pursuing footpaths across ploughed fields.

For many walkers, the sport has precisely this appeal, and there are probably approaching one million people who walk at this level for pleasure; they are best described as ramblers. It is one of the most accessible of sports: expenditure is minimal, especially compared with activities such as yachting and skiing; only basic skills are required; and even from the centre of London, walkable countryside is less than an hour away.

There is another type of walking which presents an entirely different aspect, representing the "sharp end" of the sport. It has fewer devotees than rambling—estimates suggest around 250,000—and can be termed "walking wild."

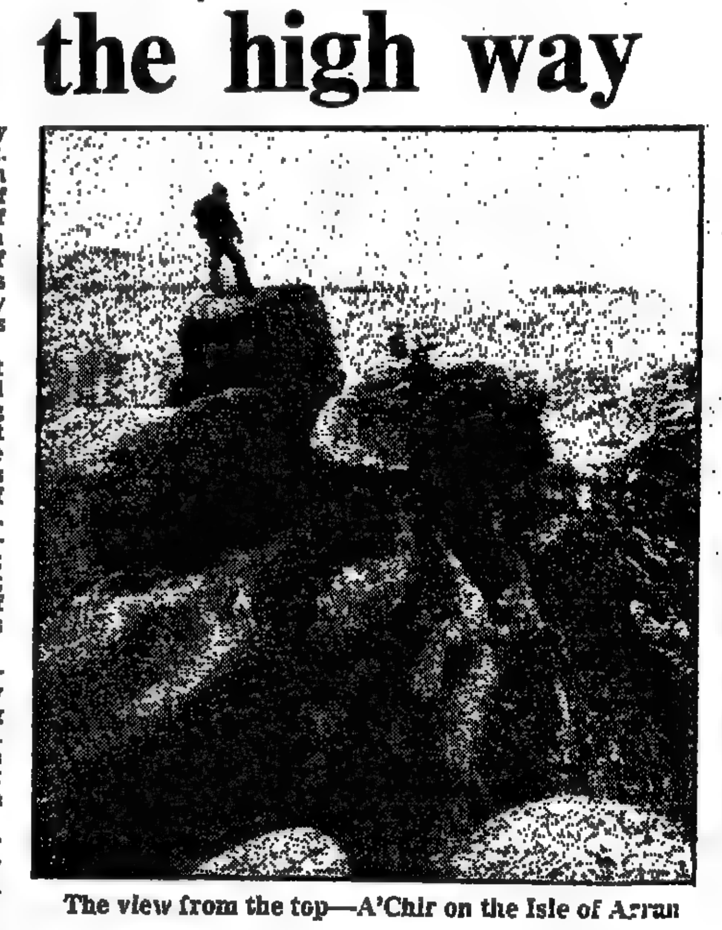
Wild walks involve a major commitment of time, energy and determination. They mean traversing Britain's most rugged and demanding countryside, from Dartmoor in the south-west of England to the most remote highlands of Scotland, and they require far more than rudimentary skills and fitness.

They also bring priceless moments of privilege and wonder, from gazing upon monumental mountain corries to stumbling upon the nest of a capercailye that whirrs away across the heather. The rarest rewards of all come in the winter, when the threatening landscape assumes a more welcoming nature to those who know how to negotiate its dangers, and the consequent feelings of fulfilment offer sustenance for weeks to come.

Such rewards are rarely achieved without risk. Last year around 30 walkers died in accidents, compared with 21 in boating and 15 each in horse-riding and motor sports. The causes of deaths provide the most pointed illustration of the hazards wild walkers face: they include falling from high mountain paths, especially in the winter; dying from exhaustion and hypothermia in storms; even drowning in river-crossings.

Some people graduate to wild walking from rambling. I began as a rock-climber in Snowdonia, concentrating on the brief expanse of mountainside within my vision and trying to avert my eyes from the awesome drop beneath. But gradually I came to appreciate the wider landscape. When I began to walk I found the satisfaction fuller and more long-lasting than the sudden adrenalin-based thrills of rock climbing, although the skills I had acquired gave me added confidence to confront wild walking's risks.

Since then I too have ventured into some of Britain's most isolated areas, relishing above all its "empty quarter," the far north-west of Scotland. There it is possible to walk for an entire day among sugar loaf mountains with their outlandish Gaelic names—Suilven, Canisp,



The view from the top—A'Chir on the Isle of Arran

Wild walking also initiated me into "Munro-ing," the perverse pursuit of the summit of every mountain in Scotland above 3,000 feet, named after the obsessed Victorian mountaineer, Sir Hugh Munro, who was the first to compile a list. There are 276 such peaks and around 400 people have climbed them all. My score stands at a modest 30.

Walk Wild

Although wild walking is available to all, it requires investments of far greater time, energy and money than its milder versions. For equipment you need not just good walking boots but warm, waterproof clothing, and a rucksack to carry emergency equipment that ranges from spare pullovers to a whistle (six blasts is the recognised call for help).

Some people who undertake wild walks prefer to stick to the long-distance footpaths which are well-marked and involve few navigational skills. But some of these paths are already at saturation point, with the Pennine Way the most notorious for its tracts of knee-deep mud resulting from the erosion of countless feet.

For me, at least, this is the antithesis of wild walking, with the sense of isolation and self-reliance it brings. To achieve that you need to be able to read ance among the hundreds of walking and mountain guide books that are now published. Your interest may also be quickened by compilations of Britain's finest walks of which the most enticing are "The Big Walks" and "Classic Walks" edited by Ken Wilson and Richard Gilbert.

The ideal way to start is to go with friends who walk already and who can guide you on the equipment you need and on the decisions that are made enroute. With experience comes the ability to strike the balance between undue risk-taking and undue caution; there is often a moment for boldness for pressing on in unpromising circumstances, just as there are always times to turn back.

You can also join a walking or climbing club, and you will find lists in the specialist magazines like "Climber" and "High," available in mountaineering shops. Both the British Mountaineering Association in Manchester and the Ramblers Association in London have affiliated clubs who offer the full gamut of walking activities.

As a further temptation for those contemplating walking wild, whether for real or from the comfort of their arm-chairs, the Financial Times will be publishing descriptions of seven such walks. Our writers include two of the foremost names in this field. One is Richard Gilbert; the other Hamish Brown, the acknowledged king of the Munros, who has now climbed all 276 peaks no fewer than eight times, and made the first non-stop round, which took him four months, in 1974.

The series embraces walks from the Atlantic coast of the Orkneys to the Atlas mountains of Morocco. It starts next week with an account of the most celebrated of all Britain's wild walks, the Lairig Ghru, the savage cleft through the Cairngorms between. Aviemore and Braemar that is the

Antony Thorncroft reports that a neglected sector is showing strong signs of revival

The bishop who made his name in hotels

THAT 18TH century cleric, the Rt Rev Frederick Hervey, Bishop of Derry, is one of the best known Englishmen on the continent of Europe. He certainly has more hotels named after him than any compatriot, even if they are confusingly called Bristol from the title he inherited later in life.

For this philanthropic and artistically inclined clergyman much preferred the Grand Tour to nursing the souls of Irishmen; and while in Rome he was drawn by Pompeo Batoni, regarded as the greatest portrait painter of his day. For all his absenteeism the bishop was a popular reformer, and when Batoni buckled down to complete a finished painting, he included Derry Cathedral, financed by the bishop, in the background.

This fine portrait, built up from prints and rough sketches, is for sale at Sotheby's on April 8, and a price of up to £150,000 is expected as against the risible £25 it fetched on its last auction appearance—at Christie's, in 1950. In recent years it has been on loan to the National Gallery in Dublin, and it would be nice if it could return there.

In March, Sotheby's sold another portrait, painted in London around the same period—that of Sir Joseph Banks by Benjamin West—for £1.815m, presumably to the Australian millionaire Alan Bond. The Batoni, which from an art historian's point of view is the greater painting, seems very cheap, but there are at last signs that demand for Old Masters is on the increase. For years they have been the most overlooked sector of the art market.

The reasons for this neglect are obvious—problems of condition and attribution; subject matter beyond the experience of contemporary man; paucity of supply, making it difficult to collect, and trade in, the works of chosen artists; size of canvas and conflict with today's domestic interiors—but the disdain with which the modern collectors have treated the great masters is remarkable.

Now, the market is suddenly firmer. It is becoming chic to buy Old Masters, even religious paintings, although "Madonna's with Child" are still much preferred to Crucifixion scenes. It is perhaps surprising that Sotheby's and Christie's should be anticipating strong demand next week at a time when two key indicators are working against the market—the weakness of the American dollar, and the change in the US tax laws which stops the ability of rich collectors to set against tax the price of any work of art they loan to a museum. But the international economic boom is apparently powerful enough to make good any American backsliding.

Wednesday's sale might not match Sotheby's last one in December, when a private American paid £7.26m for a Rembrandt and out-bid interested museums, but there are at least three more lots which should excite keen interest. One is a rare depiction of an early 18th century opera, painted in London around 1710 by Marco Ricci and showing the great castrato, Nicolo Grimaldi, in full flow.

Suddenly, the market is firmer and it is becoming chic to buy Old Masters

Apart from its historic interest it has an excellent provenance, hanging in the Strawberry Hill home of Horace Walpole for some years. The caricature of some of the figures led to an early attribution to Hogarth, but Ricci seems the academic choice. It carries a £100,000 top estimate, the kind of price which secures a third-rate Impressionist or a second-rate contemporary American painting of the abstract expressionist school.

Of even more interest is the first painting by the 17th century Utrecht artist Paulus Bor to reach the auction rooms for at least a decade. Bor is known through less than 20 paintings but is now highly regarded. This is an ascetic, puritanical, still life depicting a chest, saddlebag, book and other objects in a cell. It is unlike any other work by the artist and is dated 1630, early in his career.

Sotheby's has put a top estimate of £300,000 on the work. Still life pictures are collected keenly by a dozen or so buyers (mainly on the Continent), which makes it quite a competitive market at the higher price levels. Will they warm to this austere example of the oeuvre, or prefer the conventional groupings of fruit and flowers, also on offer at this auction?

It could well be a museum picture; but these days museums are discovering that their bids, fixed in advance in committee, are often beaten in the auction room by the new breed of Old Master collectors who can enjoy the freedom of going higher.

Even rarer than Bor is the artist known as "The Master W.S. with the Maltese Cross," who is credited with just two other extant paintings. Sotheby's spent months puzzling over a nativity scene with shepherds before discovering, hidden on the canvas, the give-away initials, with the Maltese Cross between the letters. He worked in the Upper Rhine region early in the 16th century, and this colourful scene carries another woefully low estimate of £20,000-£30,000.

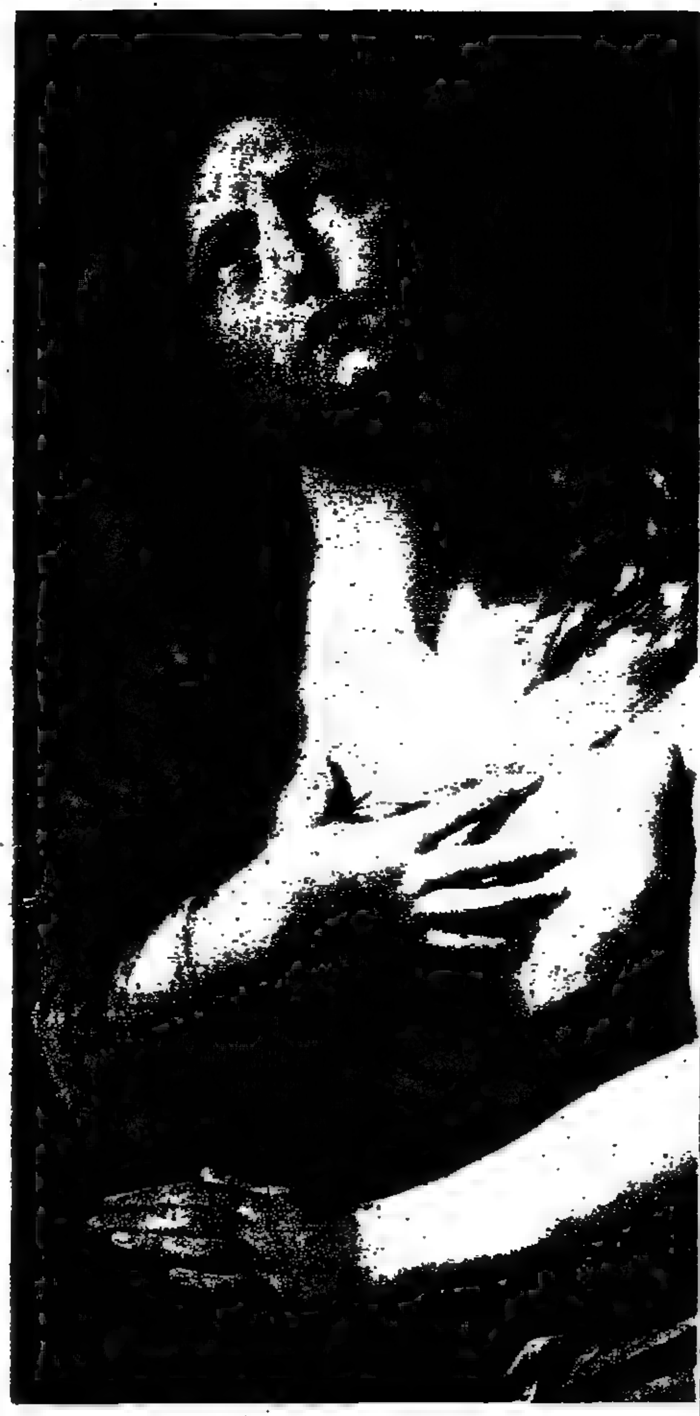
Collectors tend to come to Old Masters later in life, when the easy prettiness of the Impressionists starts to pall. Some proceed to the challenging art of the 20th century: some seek refuge in the past. Of course, it requires much more expertise to read Old Master pictures, and there is always the depressing awareness that the finest works are already tucked away safely in museums. Prices are rising basically because collectors are chasing a diminishing stock of worthwhile paintings.

Christie's is also offering Old Master paintings next week; not only in London, where a still life of flowers by De Heem carries an upper forecast of £120,000, but also in Rome. The highlight there is another work by Batoni, this time a not-very-typical Madonna and Child with St Filipp Neri. Export controls virtually condemn the painting to stay in its homeland.

Old Masters remain a market where the dealers retain some clout. Firms like Agnew and Colnaghi have, between them, centuries of experience, and their vaults are full of important paintings which may wait years to appear on the market. Many of the old aristocratic families prefer to buy and sell, usually the latter, through a trusted dealer, and prices in secret deals can often exceed those achieved in the spotlight of the auction rooms.

The dealers, like the salerooms, try to push prices through exhibitions of neglected artists and schools. A learned book, or a scholarly museum exhibition, can have a benign influence on the price.

The latest group of artists to enjoy such a boost are the 17th century Bologna artists, from Calvaert to Crespi. A major touring exhibition has moved from Bologna to the US. It misses out on the UK, so, to make good the gap, Harari & Johns is mounting its own exhibition from Tuesday, with 25 paintings, half of which are for sale. Italian art of the 17th century has experienced a price fillip in recent years: this should bolster the trend.



The Penitent Magdalen by Guido Reni, one of the 17th century Bologna School paintings in the Harari & Johns exhibition.

Heraldic porcelain became popular as local tourism got underway, writes Janet Marsh

Among my souvenirs

WHEN MY generation were children "heraldic China," those too-dainty miniatures in white porecelain, blazoned with the arms of unfashionable watering places, had been as universally discarded as the clutter of Edwardian chimney-pieces and china cabinets. They were a drug even on the penny stall in jumble sales. In my home a little collection had lingered in a boot-box in the garden shed; and the tiny receptacles of strange antique form enlivened dollies' picnics and hydraulic games.

A new book by Lynda and Nicholas Pine, *William Goss* (Milestone publications, £15) elaborately subtitled "The Story of the Staffordshire Family of Potters Who Invented Heraldic Porcelain," might stir even my generation to a revaluation of Goss, and of his products as a social and marketing phenomenon.

Willam Goss was born in 1833, the son of a seaman who had served on the Bellerophon in the Napoleonic Wars. He was sent at 16 to the new Government School of Design at Somerset House, and in his spare time dedicated himself to the study of literature and science. His first published work was a long poem, written at 17 and inspired by his romance with a girl four years older than himself. He later married her.

Throughout his life he continued to publish books on scientific and philosophical themes, including a bitter attack on Darwin's theory of evolution. He was an indefatigable correspondent of newspapers, scholarly journals and The Pottery Gazette.

At 19 he went to work for the famous Copeland pottery, where he mastered the art and science of "parian" or "statuary" porcelain — the newly developed unglazed body that looked like the finest white marble.

Having risen to be chief designer and artist at 25, he left Copeland to set up his own business, producing porcelain in competition to his former benefactor. Another speciality of his early years was a remarkable ware embedded with jewels or cut glass. Like a lot of Goss's products it was more remarkable for its technical than its aesthetic achievement. An elaborate dessert service in the style made at Copelands for the Shah of Persia was still surviving in the 1970s in the palace of Tehran.

Goss was an eccentric. He appears to have been something of a tyrant to his large family, although periods of silent anger and estrangement were likely to alternate with moments of indulgent generosity. For many years he was estranged from his wife.

For all his severity at home, Goss as a public figure was outstandingly charitable, an enlightened paternalist to his employees, and a fanatical nature consevationist. He would not permit the daisies on his lawn to be cut and one day his daughter found him solicitously bathing a bee that had fallen into a jam pot and gummed up its wings. One of his small, unsung services to the British Empire seems to have been the manufacture of porcelain teeth for export to Africa after the decline of cannibalism led to a shortage of the real thing for use in necklaces.

The heraldic porcelain which first went into production in the mid-1880s appealed to his Victorian educative passion. The little miniatures were faithful copies of historic ceramic vessels in museums: and the civic arms emblazoned on them were faithfully copied (though when local authorities refused permission the factory sometimes devised new insignia). Made in a fine white body with a rich even glaze, they offered for their price a remarkable standard of ceramic quality.

The factory appointed exclusive agents in each territory, who were only permitted to sell the souvenirs appropriate to their city or country.

The timing was fortuitous. The introduction of bank holidays and excursion trains had brought the habit of the day trip. The new rage of cycling had also contributed to local tourism. Heraldic miniatures provided the ideal souvenir of these outings. They were cheap (mostly under one shilling), portable, tasteful and eminently collectable. Once people had acquired two or three they went on to exchange and purchase.

Thanks to the indefatigable sales work of Goss's son Adolphus, who should perhaps have the major credit for the success of heraldic china, the factory found it hard to keep pace with demand. In 1902 there were 601 agents throughout Britain. 1,299 by 1913 and by 1921, just before the decline, 1,378.

Goss heraldic ware was probably the first instance of souvenir products systematically addressed to collectors. As it happens, this was not due to the efforts of the factory: old W. H. Goss felt that good wine needs no bush, strenuously opposed his son's ambitious marketing methods, and refused throughout his life to advertise.

A private enthusiast, J. J. Jarvis, however, overcame the opposition of the factory, and founded *The Goss Record*, a listing of agents, new models and other information for collectors which ran into nine editions between 1901 and 1920. The effect on collecting and sales must have been substantial.

Although Goss came out with a series of war souvenirs, which were highly popular with the fighting men, war conditions, post-war economic uncertainties, the 1926 coal strike, competition from rivals and imitators, changing public taste and the conservatism of the factory itself (the telephone was not installed until 1921) took their toll. In the early 1930s the Goss factory was bought out, and with the Second World War ceased production.

Since the 1970s, the Goss market has boomed and re-organised, thanks not a little to Nicholas and Lynda Pine who have published a number of other books on Goss, and run a firm called Goss and Crested China Ltd in Horndean Hampshire. The Pines advertise that they have 5,000 items in stock and issue a monthly catalogue which shows how values have appreciated.

The most modern crested pieces are still around £5, but rarities of shape and arms can multiply that price 10 or 20 times. Goss parian is priced in three figure sums; and the rarest of the series of model cottages in coloured bisque ware have sold for four figure sums. It's a long way from the penny box at the jumble sale.

London Property

John Brennan finds US executives reluctant to rent London homes

Americans on buying spree

AMERICANS in London provide the hard core of tenants for the investment-rental market. But for those with the credit rating to borrow, and who are not subject to a corporation policy that only pays housing allowances to executives who rent, the case for buying is hard to beat.

President Reagan's tax reforms haven't dimmed the deductable pleasures of buying a home in Britain. US citizens can still offset the costs of two homes anywhere in the world against their tax bill. And even though the top marginal federal tax rate is to be cropped in 1988 from the high 30s to 28 per cent (or 33 per cent if you're in the $70,000 to $140,000 a year "not-quite-successful-enough-to-justify-the-full-tax-reform-breaks" bracket) there are still sufficient advantages for the queue of US buyers in London to be growing ever longer.

"Despite the 1986 Tax Reform Act, real estate still offers an attractive investment opportunity, given the relatively high yield available on residential property in the UK in comparison with the yields available in Manhattan," Toby Parker, of Bentley-Leek McMullen's New York office, contrasts the 3 to 4 per cent net returns on New York residential space with the 7 per cent or more available in London. And since, on a foot for foot basis central London housing is still half the price of space in mid-town Manhattan, when they are faced with the option of renting or buying. "We find that a lot more Americans based in London see no point in pouring their rather generous housing allowances into other peoples' investments by paying rent."

So they buy. And while Parker says that "no real estate should ever be justified on a tax basis alone," the Internal Revenue Service's attitude towards its customers' spending habits certainly helps.

If you take an 80, 90, or even a 100 per cent sterling loan on a London property (and most US buyers do just that) there is no significant currency exposure if the dollar-sterling rate should shift in an uncomfortable direction. For an investor-owner the mortgage servicing costs are tax deductible back home, and US byers have a range tof ways of offsetting depreciation on the property over 35 years, and on its fixtures and fittings over 7 to 12 years. Even a London rates bill can end up as a deductible item in the year-end IRS return.

Generalisations about tax are best left to politicians, but with a properly stuctured buying package, US investors can cut a top-slice profit on the London residential market by committing little more than their credit rating to the deal.

James McMullen at the property advisory group's London office finds that, despite the currency cover provided by a sterling loan, American investors are still influenced by the pound-dollar rates. "It is an emotional reaction as much as anything. If the dollar is firm we get more people visiting to take a look at properties."

Two bedroom flats for rent in Kensington and Chelsea remain the standard currency of the residential market as far as McMullen's investment customers are concerned. And it is one of the ironic consequences of the steady American switch from renting to buying that rental yields on those flats have progressively fallen in the last few years.

Developers have increased the supply of flats to meet the buying demand, so more flats have become available for rent just as an increasing number of their prospective tenants have started thinking in terms of buying. The result is that competition has kept flat rents relatively stable at a time when capital values have been rising at three or four times the general inflation rate. That has had the effect of nearly halving the 10-12 per cent yields that could have been achieved on a central area rental five or six years ago.

As Toby Parker says, this market adjustment is inevitable as people start to think of residential property investment in international terms. He believes that "residential real estate has to become a global commodity."

The residential investment market in London would, of course, be strangled at birth if *every* prospective flat or house renter decided to buy instead. But as Parker says, "talking to the human resources departments of corporations here you do find that there is a strong tendency for them to want executives travelling overseas to rent, so that they will retain their mobility."

For US executives who don't risk their London allowances if they buy, UK home loans are especially tempting. It is a pleasant surprise for incoming Americans, who are still used to graduated interest payments on mortgages and to less generous loan-to-income ratios, to find that loans have become so freely available and that higher interest rates for larger borrowings have become a rarity here.

Since incoming investors are more comfortable with the concept of high gearing than an average UK homebuyer—quite apart from the tax-appeal of the debt—ease of access to loans is an important plus-point. James McMullen has regularly lined up finance worth 95 per cent of a property's valuation, but he has found sufficient demand for 100 per cent sterling loans to have organised a facility through Kleinwort Benson and Sun Alliance for US buyers looking for £100,000 and £500,000 properties to borrow the lot.

If you discount the divorce option for two household families, British corporate executives don't have the same tax breaks as their US counterparts when it comes to a second home. Yet it is the tax laws that are making them increasingly likely to buy on their own account, according to Peter Kearon, Knight Frank & Rutley's London residential partner.

"Since 1983, when they changed the rules, the company house has become a very expensive benefit." Executives now have to pay a commercial market rent for the use of the company house or flat, or face a tax charge of 12 per cent of the value of the property above £75,000.

Foreign executives in company-financed properties who become subject to the taxable benefit rules will generally have that charge covered by a tax equalisation clause in their contracts. Home-grown executives have no such cover, and Kearon says that, "Everyone is very tough on it, they are all terribly careful to declare the full tax benefit, and it means that UK companies have, on the whole, become sellers. The chairman doesn't want a whacking great tax bill, so they get rid of the place."

It is primarily those US buyers—as well as an increasing number of French bank executives who have followed their dealing operations to London—who have been taking up the slack in the company house market.

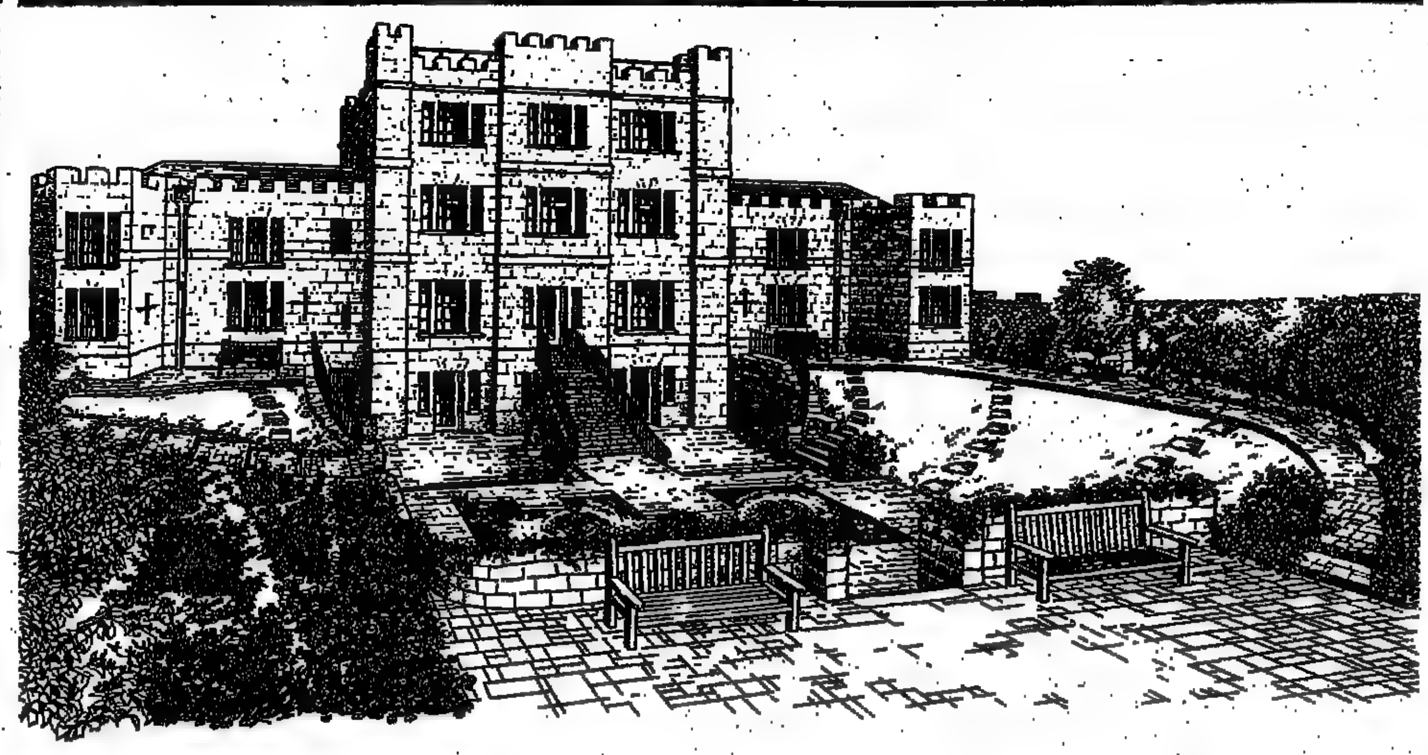
While Japanese executives tend to head for the suburbs, Americans in London like addresses that equate with their status: "Street value is all important to them," says Kearon, "and they will only buy in generally accepted smart streets and squares. They are not pioneers, they won't as a rule look at houses outside the centre and they do expect to pay the market price for a property."

Now that everyone is so well briefed on the going rate for properties in the more fashionable parts of the West End there are, says Kearon, "no bargains left. You might be talking to a little old lady with a property that hasn't been touched since the War and she'll be quite calmly talking about £1m or so.

"Everyone is so conscious of values that there are clear rates for particular streets and squares."

Being in this instance buyers rather than bargainers, incoming US owners in the more fashionable parts of town have helped to narrow the gap between asking prices and achieved prices. Kearon confirms. "When they do buy at the going rate it underpins those values."

It is not that they are price-insensitive, rather the reverse. And it is not at all surprising that investment-conscious buyers should be acutely sensitive to prices in an area. Strip away the subjective appeal of a London home, and prime area residential property—especially if it is bought on the margin with a tax efficient, high percentage loan—has much the same characteristics as any other trading stock.



BUILDING a castle for love of seaweed and a baronet's daughter sounds like the plot of a Gilbert and Sullivan opera. The suspicion grows when you add gangs of smugglers, and a battle with cannon on the lawn bombarding a squadron of the Royal Navy.

But Acton Castle is real enough.

The granite house, overlooking Mounts Bay just six miles from Penzance in Cornwall, was built by John Wood the Younger on the instructions of seaweed enthusiast John Stackhouse. He had the idea for the building while visiting St Michael's Mount with his future wife, Susanna Acton (the baronet's daughter) in the 1770s.

The smugglers came on to the scene in the 1780s when Acton Castle was being looked after in Stackhouse's absence by John Carter. His brother, Harry, became known as the "King of Prussia" because of his Excise-avoiding action in Prussia Cove along the coast.

It was the view rather than the history that impressed Simon Chapman when he came across the property a few years ago. Acton Castle had been operating as a country hotel for some years and was in a poor state.

With backing from Allied Dunbar, Chapman, surveyor Gregory Leach and property analyst Christopher Walls bought it, reinstated the castle and grounds and have created eight vast two-bedroom apartments, each with views over the bay and to St Michael's Mount.

Stimpsons (Truro 74461) is handling the sales of the apartments which, since they are priced at around £90,000 a time, are aimed at incomers rather than the local market.

London Property

Overseas Property

Full Colour Residential Property Advertising

APPEARS EVERY SATURDAY
(Copy deadline 12 days prior to publication).
Rate £35 per Single Column Centimetre.

To find out more call
CAROL HANEY:
01-489 0030

Country Property

Relocation

New Homes

London Property

Overseas Property

New Homes

Rentals

Country Property

• PROPERTY •

Demand for homes beyond Oxford is growing says, John Brennan

M-way sparks price surge

IT IS 20 years since the Department of Transport initiated a feasibility study on the need for improved roads south of Birmingham. The first of a continuing series of public inquiries started in 1973 and the 57 miles of two and three lane motorway, costing an estimated £250m, will not be completed until 1991—assuming there will be no further problems about the route.

Yet, the extension of the M40 motorway from Oxford to Birmingham is already having an impact on residential prices in Oxfordshire and Warwickshire.

"The motorway will make an enormous difference because, if you have ever had to use the roads here on a regular basis, you would realise how exhaustingly frustrating they are," says Nick Hextall, of Carter Jonas' Oxford office. He expects that the motorway will draw more London buyers up the road—beyond Oxford to Chipping Norton and to around Banbury—than it will attract Birmingham buyers down it.

And while the immediate effect has been to annoy the inhabitants of a large number of villages whose peace will be shattered by the building programme, "we are already seeing a number of new buyers looking for homes in the motorway corridor above Oxford."

Sally Jarman has joined Carter Jonas at Oxford to provide a relocation service for companies moving staff into the area and for individual home buyers. "People really cannot expect to be able to house hunt when they have only the weekends to tour an area; and for people moving into a rural area, there are a number of things that you only really find out if you know the area well," she says.

"If you see a bus stop in a village, you might assume that there is a bus service, and there might be one. But you wouldn't know if that was a service just about to be axed — and that kind of information can make all the difference."

Families shifting their residence are most interested in the local schools, but helping people move involves keeping track of everything from the leisure facilities and health care as well as being able to pin down the type of house they want within a price range. "There isn't any point in sending out details of 100 properties to someone when it is possible to pin down what they really want by talking to them first," Jarman adds.

For people who do move into the area, Mark Kenchington, of Colliers Bigwood & Bewley, recently pinpointed the areas that have already seen above-average price rises now that most of the M-way route has been agreed.

Kenchington's price-risers include Lapworth, Lowsonford, Rowington, Henley-in-Arden, Warwick, Barford, Stratford-upon-Avon, Horton, Horley, Deddington, Adderbury and Bloxham. And he reports "increasing demand for country cottages and houses in the rural areas and villages around Stratford-upon-Avon, Banbury and Oxford for weekend cottages and/or second homes." Londoners and West Midlanders alike are buying in anticipation of faster road journeys.

In surveying local prices, Colliers Bigwood & Bewley found that properties seen to be M40 beneficiaries have risen "by something like twice the average rate for the area as a whole."

A standard three-bedroom semi in Banbury, for instance, would now sell for around £45,000; while a four-bedroom period stone village house in the same area, that would have cost you £80,000 to £90,000 in 1985, might cost between £110,000 and £120,000 now. The increases in these areas, says Kenchington, have been as much as 35 per cent in the past couple of years.

● *Last week's article on "The battle of the boards" was written by Holly Smith, not John Brennan.*

Studios soar

THE CHEAPEST studio flat in London now costs something over £30,000. According to Richard Evans: "You can't get anything under that even out somewhere like Crystal Palace."

Evans adds: "Most studios that are within a taxi ride of jobs in the centre would be in the mid-£40,000s and would go up into the £90,000s. A one-bedroom flat would start around the mid-£40,000s and be in the mid-£50,000s in a taxi ride area."

Evans works for Stern Studios (01-244 7301), which deals only in studio and single-bedroom flats. Since it takes much the same amount of work to sell a £50,000 flat as a £250,000 apartment, and as agency commissions are a flat-rate percentage of the sale price, there isn't much of an incentive for central London agencies to deal with first-rung properties. "It was an obvious hole in the market," says Evans.

Stern has been filling that gap for the past six years, turning over small flats for buyers who "rarely stay for more than a year. We find that most people want to trade-up as fast as they can—inside three years at the absolute outside."

This end of the market is highly sensitive to mortgage rates, tax relief on home loans and access to funds, since Evans reports that most buyers are looking for as near-100 per cent finance as they can get. He has seen a marked improvement in the quality of small flats in the past few years. "The standard of conversions has gone up by leaps and bounds, and some of the very tatty 1970s' conversions are proving hard to sell as people have become used to a higher quality."

However, price and communications are the main considerations; and, looking out along the tube lines, Evans says it is still possible to find a home, albeit a tiny one, for £50,000 "in vaguely central London — Hampstead, Bayswater, or West Kensington."

J. B.

THERE ARE roses around the door, monster hollyhocks, an ash tree, a may tree, a quince, several silver birch, cherry trees and magnolia bushes as well as red and black currant bushes, raspberries, gooseberry plants . . . in fact, the kind of English country garden that you tend to see only in television commercials. In this case, there is a house as well; and to match the half-acre garden, it is an impeccably thatched, grade II-listed 15th-century cottage with three bedrooms, out-buildings and garaging for three cars.

Exposed oak beams and oak panelling, inglenook fireplace . . . if you put all the elements of an ideal country cottage into a computer, there is a fair chance it would turn out the pattern for something like Holt Cottage. Weller Eggar's office at Alton (0420 82601) is looking for offers over £160,000 on the cottage, which is just 43 miles from London—eight miles off the nearest M3 junction—at Holt Lane End, Bentwood, Hampshire.

Holidays and Travel

Overseas

U.K. Hotels

Company Notices

E.B.E.S.

(Incorporated under the laws of the Kingdom of Belgium)

NOTICE OF EXTRAORDINARY ANNUAL GENERAL MEETING

Legal Notices

No. 001480 of 1987

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF ... public limited company AND IN THE MATTER OF THE COMPANIES ACT 1985

No. 00832 of 1987

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF BEMROSE CORPORATION PUBLIC LIMITED COMPANY AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 18th March 1987 confirming the cancellation of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on 19th March 1987.

Dated this 4th day of April 1987.

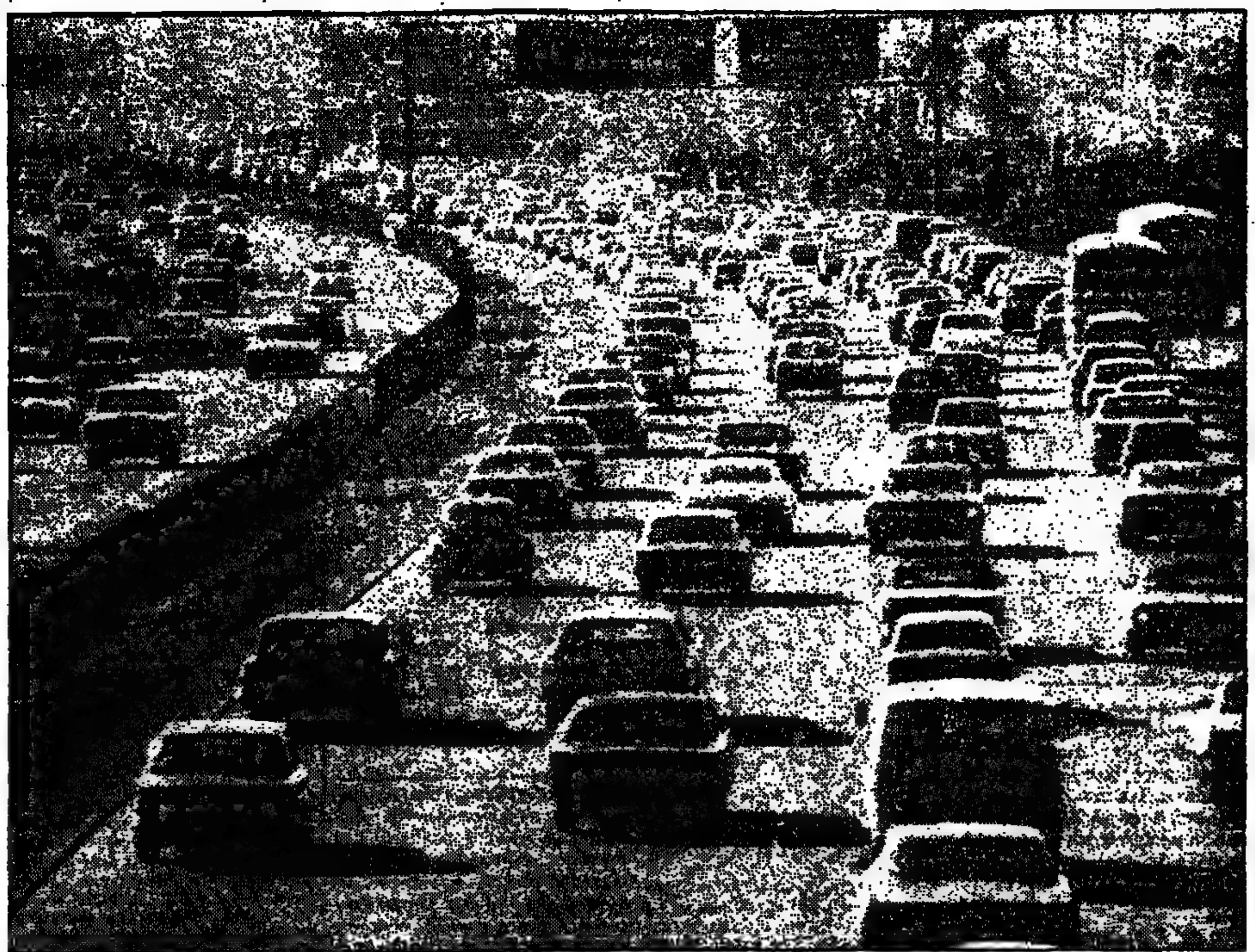
DENTON HALL BURGIN & WARRENS
Denning House
90 Chancery Lane
London, WC2A 1EU
(Ref: CAN/AMBD)
Solicitors for the said Company.

هكذا اصل الأصل

Saturday April 4 1987

FINANCIAL TIMES SURVEY

The industry has recovered from the debacle of the mid-1980s, yet behind the optimism lurk questions, writes Nick Bunker. How to manage the upswing is one dilemma. The effect of changes in the regulatory and tax environment in a number of markets is another.



Private motor insurance was a headache for the US insurance industry last year. Premiums were $58bn — about one-third of the industry's total premium income — but underwriting losses were $5.3bn. The real problem area was private passenger legal liability insurance. Insurers raised rates by about 15 per cent, but say they are still too low.

Insurance
and Insurance Broking

CONTENTS

'Year of the roller-coaster'

THIS SPRING, cautious optimism pervaded the board rooms of the North Atlantic world's biggest insurance companies. In London, New York and Hartford, Connecticut - the old home-town of the US property/casualty insurance industry - the news was good.

Last year saw the upturn in US premium rates that began in mid-1984 finally feed through to bottom-line recovery. One big British and US company after another reported annual results for 1986 showing a powerful swing back into the black.

As a whole, the US property/casualty industry - the world's biggest by far - posted last year an estimated $4.5bn operating profit. That was earned on total premium income of $176.4bn, according to A.M. Best, the New Jersey-based insurance analysts. The industry's 'combined ratio' - the key marker of its underwriting profitability - improved by eight points from 116.5 to 108.5.

Recovery came not a moment too soon for many insurers.

Most are still dusting themselves down after the debacle of the early to mid-1980s. It reached its nadir two years ago, when the US industry registered a £5.5bn pre-tax operating loss even after allowing for its investment income.

Yet behind this year's optimism some big questions are lurking. "The year 1987 is like being on a roller-coaster," says Mr Ron Smith, a senior property/casualty underwriter at the Travelers Corporation, in Hartford.

"We went right down to the bottom, and now we've come right back since 1984. Now, we're getting to the top again, and we just don't know what's on the other side."

Not all of the questions relate to fears that new capital will now rush back into the US industry, encouraging the kind of rate-cutting and slack underwriting that left it with its huge £25bn underwriting loss in 1985.

Some centre on the management and marketing efforts that North America's big property/causualty companies are now making to ensure that they sustain their new-found profitability. Are they making strides towards managing more sensitively the ups-and-downs of the insurance cycle?

The big questions also encompass the likely impact of last October's US federal tax reform, and the ultimate fate of the industry's campaign for a change in the nation's civil justice system.

These issues matter a long way from Hartford. For better or worse, during this decade the US has produced more than half of the world's non-life insurance premiums. In 1985 the figure was 54.3 per cent, according to the Swiss Reinsurance Company.

Elsewhere, there are intriguing developments. In France, for instance, the industry is soon to undergo privatisation. In West Germany, outsiders see some signs of a freeing-up of competition in a hitherto protected environment. Last year's European Court ruling in the Schleicher case went some way towards opening up a free market in Europe in co-insurance.

But the US industry still dominates the picture. An assessment of the international non-life insurance industry begins on North America's eastern seaboard. Start with the impact of US federal tax reform. It will raise property/casualty insurers' tax liabilities.

For instance, it compels them to discount their loss reserves. That is, they have to deduct an allowance for future investment income when they put aside money to meet likely future claims. That releases more profit, which can then be taxed.

Continental Corp, for one, estimates that in total the 1986 tax law will add $250m-$350m to its tax bill over a four-year period. This may not be bad for the industry. Discounting of loss reserves will "eliminate any cash-flow underwriting," says Mr Christian Milton, a vice-president at New York-based American International Group (AIG).

Cash-flow underwriting—where insurers underprice their business in the hope of recouping a profit from high investment income—was one of the causes of the last down-turn in the US underwriting cycle.

Reform of the civil justice system comes next on the list of questions. Last year, some 39 states passed "tort reform" measures aimed at curbing what many saw as absurdly high damages awards. They were reacting to the great American liability insurance crisis of 1985-86, when insurers pulled out of covering businesses and municipalities against the cost of legal claims.

Yet now the impetus for tort reform seems to be flagging. Not least, that is, because hostile consumer advocates, like Mr Ralph Nader, can point to the industry's surging profits, which seem to belie its claims that tort reform is essential for its survival.

Judging from American history, there is little chance that the US industry will get all the tort reform it wants. The current movement is the third tort reform campaign this century.

Before the first world war, there was the drive to take decisions on compensation for industrial accidents out of the courts, and into a system of no-fault workers' compensation insurance. Then, in the 1960s, there was a similar push for states to pass no-fault motor liability laws.

Both have wrought big changes, but neither has eradicated problems for insurers. In 1986, personal auto liability business was bad news for the industry, and workers' compensation was not much better. Recent traumas have also prompted many big property/casualty insurers to reappraise their links to the 65,000 small businesses which make up America's independent insurance agency system.

Big north-eastern-based national companies, like Continental Corporation, have streamlined and cut back their agency networks. Alongside that, another word—"niching"—is now often heard in big insurers' boardrooms.

The theory is that the most successful companies have always specialised in narrowly-focused areas. A long-standing example isthe New York-based Atlantic Companies' old penchant for insuring churches.

Does it really work? The Independent Insurance Agents of America (IIAA), the main trade association for agents, says that the combined effect of "niching" and agency cutbacks will be to hasten the long-term shift of market share to the "direct writers"—companies like State Farm, which cut out independent agents and sell insurance direct to consumers.

It also sees signs of another power-shift, as strong midwestern-based agency writers, like Ohio Casualty, take market share from north-eastern based insurers which have discarded too many agents.

Where does all this leave the big question—whither the US underwriting cycle? "We do not believe a price-war is likely," says analysts at Salomon Brothers, the New York investment bank.

To be sure, capital has been flowing back into the industry—and on a simple supply-and-demand equation, that should depress premium rates. Some $7.8bn of fresh capital appeared in 1986, say insurance analysts at Warburg Securities, the London stockbroker. But it has been generated by the US industry itself, via rights issues, debt issues and transfers from parent companies.

It has not come from new entrants to the field—such as Fortune 500 US corporations which injected billions of dollars into the reinsurance market in the early 1980s, knocking away US underwriters' price discipline. Nor is it being heavily committed to the kind of general liability insurance for corporate America that caused insurance companies so many losses in the early 1980s.

In any case, says Mr Milton, of AIG, "the amount of capital that has come back does not make up for the amount that went out."

In 1985, for instance, 21 property/casualty insurers were declared insolvent in the US, according to the National Association of Insurance Commissioners.

To a large extent, though, the future hinges on interest rates. In the last 15 years, the US industry's combined ratio has closely followed US prime rates. If they stay low—effectively barring out cash-flow underwriting—the combined ratio will have a big incentive to stay down too.

The US

Doubt may forestall rate-cuts

THIS IS fast proving to be a puzzling year for the US property/casualty insurance industry. That may not be such a bad thing.

In one vexed area—premium rate trends for commercial lines—there is a consensus view. Beyond that, the industry is still grappling with uncertainties, not least in the crucial field of tort reform.

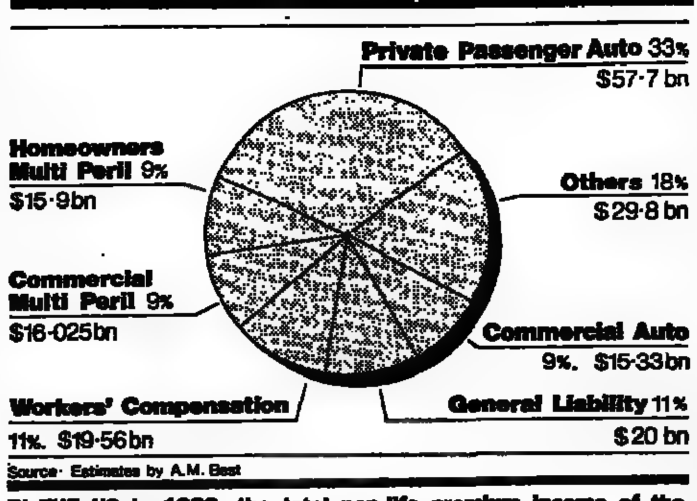
Add to that concerns over the impact of the 1986 federal Tax Reform Act, which will add $7.5bn to the industry's tax bill over the next five years, according to the Insurance Services Office. Then, take the troublesome issue of insurer insolvencies. The California Department of Insurance has now 110 property/casualty companies on its watch-list of issuers which could get into trouble.

What's more, two classes of business especially—worker's compensation and personal auto—still look underpriced in many states, insurers say.

One widely-held view is that the industry's uncertainty over issues like these adds a discipline to the market, staving off the threat of a swift return to rate-cutting.

Take the question of reinsurance—whose ready, cheap availability in the early 1980s helped demolish prices charged by underwriters to US customers. "Reinsurance capacity is rebuilding gradually in property risks, but there's no easing on the casualty side," says Mr Christian Milton, who buys reinsurance for New York-based AIG.

US non-life insurance premiums 1986



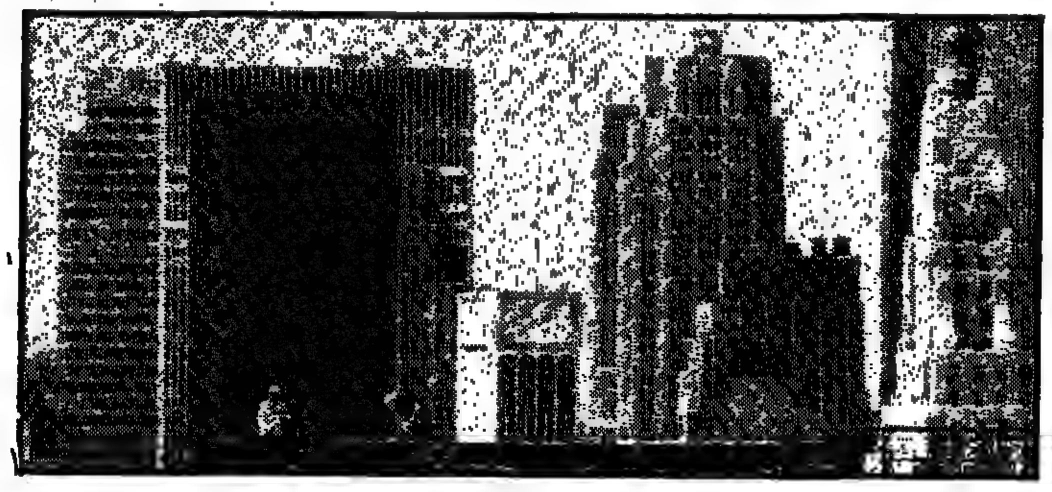
Source: Estimates by A.M. Best

IN THE US in 1986, the total non-life premium income of the insurance industry was $176.4bn. According to the most recently published figures from the Swiss Reinsurance Company, the US accounted in 1985 for 54.3 per cent of the world's non-life premium volume. If that proportion is still correct, then in 1986 private motorists in the US were the source of roughly 18 per cent of the world insurance industry's non-life premiums.

Even the most optimistic observers were predicting in New York last month that it will be at least 1988—if then—before the big European reinsurers return to a market where they have been badly burned.

So there are many unresolved issues. How long will the market sustain the 30-month-old upturn in premium rates on commercial lines? When will the cycle turn down? And will the downturn mean a collapse into headlong price competition—on the lines of 1969, 1975 and the early 1980s?

To the first question, Mr Jeff Yates, of the Independent Insurance Agents of America, gives a firm answer. "The cycle's already turned," he says. Out of 400 IIAA members questioned in a recent poll, 50 per cent expected premium rates on commercial lines to rise between 10 and 20 per cent over the next six months. But 10.7 per cent actually expected them to decrease.



Workers' compensation premiums are too high for some regulators' liking.

big insurers are less pessimistic. One point of ten mentioned is that many big property/casualty companies now have computerised financial information systems, enabling them to track and manage more closely movements in premium rates out in the field.

So, at Hartford-based Travelers Corp, executives know that in March their underwriters were securing premium rate increases of 12-15 per cent—against industry figures of maybe 60 per cent a year before.

But the increases are coming through strongly only on casualty business, whose biggest component is general liability. "Nobody's on a wholesale campaign to cut prices," says Mr Joseph Wiedemann, president of American Home, an AIG subsidiary, but he is seeing the market cutting rates by 10-15 per cent on commercial property risks.

Some fear that rate-cutting on property business will spill over into casualty lines. But Mr Wiedemann divides casualty business into two categories: first, "Main Street" risks, ranging from hardware stores to middle-size manufacturing companies; and, second, heavy industrial business with its risk of the biggest liability claims.

"We will see a softening on the Main Street business to a much greater extent than on the heavy industrial side," he says.

Similarly, Mr John Mascotte, chairman of Continental Corp, says 1987 will be a year of "probing" in commercial lines, as underwriters give discounts to customers with good claims records, but refrain from actual price cuts.

AIG's Mr Wiedemann says "there are just too many things to watch for on the horizon" for underwriters to do anything else.

Insurer insolvencies are one of the things still clearly in view. Mission Insurance —now facing liquidation by the California insurance commissioner — has captured most media attention, but another worrisome case is that of Transit Casualty of Missouri, a public transportation liability insurer, which went under in December 1985.

The industry's fears here are two-fold . . . One, that cases like these could leave other property/casualty companies with bad debts, because the insolvent companies cannot pay out reinsurance claims. Two, that bankruptcies generate claims on the state Guaranty Funds, to which insurers have to contribute.

Thorny problems are also still lurking in two classes of business — workers' compensation, and personal auto insurance.

Take workers' compensation, where the industry registered in 1986 an underwriting loss estimated at £4bn by A. M. Best. Many local regulators see the premiums as a tax on local businesses — and have resisted rate increases sought by insurers.

"In some states the rates are just horrible," says Mr Jim Karkus, a Travelers' underwriter. Maine — like New Jersey in the personal auto field — comes under the heaviest fire from the industry, because of the stance of regulators there.

The progress of tort reform is also turning out to be piecemeal. This year, the industry is lobbying hard for big problem states like Texas and Massachusetts to pass tort reform measures.

But even where such measures were passed in 1986, the fight is not over. Connecticut, for instance, passed last October what some saw as a model tort reform law. The industry then re-entered problem areas — like municipal liability — and some companies cut some premium rates by five to 10 per cent.

Yet pressure is mounting from trial lawyers and consumer advocates for a roll-back of the Connecticut tort reform package, says Mr Elliot Gerson, a government affairs vice-president at Travelers. "We're fighting hard just to keep the legislation we got last year," he says.

That still leaves the question of what will befall the 1945 McCarran-Ferguson Act. It affirmed states' right to regulate insurance, and gave insurers a limited exemption from US anti-trust laws.

In February, the US Congress began hearings that could lead to its repeal — a move firmly opposed by the industry. Mr Daniel Oliver, chairman of the Federal Trade Commission, has argued that the Act is anti-competitive, and allows price-fixing by the industry.

So far, big New York and Hartford-based insurers seem confident that the 1945 Act will survive. But Travelers' Mr Gerson says: "This is the biggest threat to McCarran in its history."

Nick Bunker

Property/Casualty

The big US insurers in 1985-86 Combined Ratios (calculated after policyholders' dividends)

	1986	1985
1 Chubb	99.5	106.3
2 American International (AIG)	101.2	106.1
3 Royal Group (US)	102	114.3
4 Ohio Casualty	104.4	109.2
5 Continental	105.3	119.4
6 Safeco	105.3	110.3
7 Aetna Life & Casualty	107	114.8
8 CIGNA	107.2	119.1
9 Kemper	107.4	113.6
10 Travelers	108.1	117 7
11 Fireman's Fund	108.5	123.5
12 USF&G	110.2	124.2
13 St Paul	110.5	120.8
14 Commercial Union (US)	*111	128.4
15 Transamerica	113.3	132.7
16 CNA	114.6	123.7
17 Home Group	116.8	137.7

*CU's combined ratio benefited significantly from a reinsurance arrangement with its parent London company.

The Combined Ratio is the key measure of a non-life insurance company's underwriting profitability. It measures underwriting losses and operating expenses as a percentage of premiums. The lower the ratio, the better. A ratio below 100 means that the company made an underwriting profit even before taking into account investment income.

Source: Company results

Profile/Continental Corporation

Stragglers are 'shot' in analysis-based approach

MR JOHN MASCOTTE is a big midwesterner with a big cigar and a big view over New York Harbour from his corporate citadel on Maiden Lane.

"You can't afford to take too long-term an outlook in this business," says Mr Mascotte, chairman of Continental Corporation, one of America's biggest property/casualty insurers. "You've got to be ready to change your strategy with the market."

Maybe. Mr Mascotte and Continental still epitomise some of the differing attempts at long-range strategic reorientation being made by big US insurers.

The jury is still out on the question of whether they have been successful.

Since the industry's debacle in 1984, there have been plenty of claims by US insurers that they have made big reforms and positioned themselves to avoid disaster in the next downswing of the underwriting cycle. There have been many sceptics too—not least among the nation's 65,000 independent agents, some of whom feel they have borne the brunt of the more painful changes.

Last year, though, Continental was a success story. Historically, it lagged behind its 13 peer companies, with its combined ratio averaging 115.2 from 1981-85. In 1986, with total premium income of $5.4bn, it gained ground. Its combined ratio was 105.3 (fourth best of the 14).

Short of breaking down those results by class of business, no one dare say just how far its recovery is down to positive policy changes. But there have been some steady shifts in focus since the early 1980s. Some say that Mr Mascotte's arrival was one of them. Trained in life insurance, where marketing is the key, he is said to have given the company a sharper marketing edge.

When he arrived as president in February 1981, it was just starting an asset-redeployment programme that has focused it more clearly on its core commercial insurance business.

Continental sale of its subsidiary, Diners Club, was the first of some 15 divestments that brought in $465m. Acquisitions—including life insurance companies in the US and the UK—have cost $151m.

More changes came later. In 1983, Continental's net written premiums fell 8 per cent. That suggests it was wisely pulling in its horns, in a year when Fireman's Fund, a US company of about equal size, saw written premiums grow 5 per cent even as the underwriting cycle was spinning out of control.

There were other signs of retrenchment and realignment at Continental—some only in line with what most big players were starting to do, others more radical.

In 1980, Continental sold policies through about 10,000 independent agents. Their numbers were slashed to 5,500 in 1984 and 4,000 today—a necessary sacrifice, says Mr Mascotte. It led to a drop in the company's US market share from 2.9 to 2.4 per cent. Continental's independent agents—as opposed to brokers—produced 40 per cent of its total premiums in 1986, down from 59 per cent four years before.

The first stage of reform here was Continental's "Circle Agent" programme, started in 1981. Now numbering 1,700, the Circle Agents are those designated as the most productive performers.

In return for a flow of good business, they get the greatest attention from Continental. So it has a 1987 target of computerising links to all the 1,700.

Underlying this focus on selected agents is an analysis of America's independent agency system. Only about 10,000 produce annual premium volumes of more than $2m, says Mr Mascotte. Continental aims to be the leading company with the biggest producers.

Not surprisingly, Mr Mascotte, has run into flak over his cuts in agency numbers. Notoriously, he talked to the Wall Street Journal about "shooting the stragglers."

Yet some of Continental's employees were shot, too. The head-count fell from 17,300 in 1983 to 16,200 two years ago (now it is back to 16,500).

The rest of Continental's strategy—which, again, is echoed among some of its peer companies—follows from its industry analysis. Companies like State Farm, which deal direct with the public, will continue to gain market share, even in commercial lines of insurance, it says. Personal lines may be more stable profit-earners, but they will continue to be mainly the direct writers' preserve.

Above all, Mr Mascotte sees "a race to computerise" in the late 1990s. Why? Because the US non-life insurance industry is dominated by small accounts, with 80 per cent of insurance policies yielding annual premiums less than $5,000.

As far as possible, insurers will automate the handling of that 80 per cent of their business, and focus personal attention on the other 20 per cent, Mr Mascotte says.

So Continental's annual investment in computer systems has grown 75 per cent in the past two years. In personal lines (about 20 per cent of its business), Continental has targeted only the most affluent 15 per cent of Americans, with the aid of its "Personal Comprehensive Protection" package of householders' and motor insurance.

In commercial lines, too, Continental sees big insurers turning to specialise in particular market niches. "The companies that won't survive will be the generalists," said Mr John Bretherick, Mr Mascotte's number two.

Continental will specialise, it says. For instance, it has about 12-14 per cent of the US marine insurance market. Mr Mascotte thinks it could grow to 18 per cent.

Nick Bunker

The top 14

Average combined ratios 1981-85.

1. AIG	102.2
2. Ohio Casualty	106.9
3. Chubb	108.6
4. American General	113.7
5. Travelers	114.2
6. Aetna Life&Casualty	114.7
7. St Paul	115.0
8. Continental	115.2
9. USF&G	115.8
10. Fireman's Fund	116.1
11. CIGNA	118.6
12. CNA	121.3
13. Transamerica	121.7
14. Home Group Inc	125.4

CR calculated after policyholder dividends. Statutory basis.

Source: Salomon Brothers, NY.

Japan

High premiums scrutinised

IN SHARP contrast to the situation of most other major general insurance markets, where rate-cutting has wiped out underwriting profits, Japan is a very cosy market.

With premium levels determined by the Ministry of Finance, to ensure adequate profitability of the main players, the prospect of any substantial liberalisation is remote.

The main cost of the present cosy arrangement is the limited amount of new policy development. The loser in the present situation is clearly the client, which is not only faced with higher overall premium costs, but cannot benefit from many of the new policy developments that have occurred in most foreign markets.

With pressure mounting for Japan's industry to cut costs wherever possible, in an attempt to retain export competitiveness, high insurance premiums is one area of attention although, in the short term at least, it may be difficult to achieve any change.

Even with the tight control over premium levels exercised by the Ministry of Finance, it closely monitors loss ratios and, as a result, there are occasional moves to cut premiums for some classes of insurance.

With the stability of premium levels in Japan, its general insurance groups are among the strongest in the world. The largest, Tokio Marine and Fire Insurance, has a 17 per cent market share, with gross premium income of Y1.19 trillion (million million) in the 1985 financial year, and earning a net profit of Y30.25 bn.

It towers over its nearest rival, Yasuda Fire and Marine, which posted gross premium income of Y607.99bn in the same period. The position of the giants within the industry is underpinned by their membership of the various industrial combines, or "zaibatsu." Tokio Marine, for example, is part of the Mitsubishi group; Yasuda Fire, the Fuyo group; Taisho Marine, the Mitsui group; and Sumitomo Marine, the Sumitomo group.

Member firms of the various zaibatsu in Japan reflexively do the bulk of their general insurance with the "in-house" general insurance company. The sheer size and breadth of these groups, combined with the tight grip over the industry exercised by the Ministry of Finance, makes it all but impossible for foreign insurance groups to garner a sizeable share of the domestic general insurance market.

The share of foreign general insurers of the total market has stood at around 3 per cent for some time, but, with the introduction of new, savings-linked insurance policies, this has squeezed the overall share of the foreign groups.

In the 1985 financial year (which ran until the end of March 1986) foreign insurance firms' share of direct premium totalled Y159.3bn, up 4.7 per cent on 1984, but just 2.5 per cent of the total, according to data compiled by the Marine and Fire Insurance Association.

"This market share seems to be very small," the industry association remarked in a recent report. "However, considering the fact that the market premium growth of Japanese companies in recent years is greatly reliant on savings-type insurance (for fiscal 1985, over 30 per cent of the market premiums were derived from these sources), foreign underwriters whose portfolios have little savings content have been very successful in their sales endeavours for ordinary classes, and their share of the market to the exclusion of savings-type policies was about 3.4 per cent."

Of the miniscule overall market share of the 36 foreign non-life insurance groups, the US-controlled AIU Insurance is clearly dominant, with an estimated 70 per cent of the market share held by all foreign firms. Next is the Signa group with an estimated 20 per cent share, and the British Insurance Group with 5 per cent. This latter grouping is an amalgam of the interests in Japan of the three large UK insurance companies—the Sun-Alliance group, General Accident and Norwich Union.

The ability of the foreign insurance companies to expand their presence is directly limited by the Ministry of Finance, which seems loath to permit any significant development of new policies on offer. Illustrative of the difficulties of doing business in the general insurance market in Japan is Lumbermans Mutual Casualty Co, which is part of the Kemper group. It took eight years to obtain a licence to offer its "highly protected risks" (HPR) policy in Japan. It finally received approval last year. It was a seminal event, since it marked a major new product initiative.

Even with this new product in hand, Lumbermans has had no success to date in writing any HPR policies.

"This type of product requires a high level of protection—sprinklers of a specific type, redundancies, water tanks, and so on," Lumberman Mutual's Japan manager, Giovanni Ranieri, said. "Until now, Japanese companies only installed sprinklers when forced to, so the market we are pitching to is new buildings."

The biggest development within the Japanese insurance industry in recent years has been the marketing of general insurance policies, which offer a refund at the end of their life, making them very similar to savings policies.

Thanks to these inducements, overall premium income has expanded by some 5 per cent annually in recent years.

Savings-type policies now account for half of all fire-policies written, and 80 per cent of all personal accident policies. They have only recently been introduced for other forms of casualty insurance policies, and the growth to date has been rapid.

The total size of these savings-type policies has been dramatic, and they now account for 31 per cent of all premiums, standing at Y1.78bn at the end of the last fiscal year.

Even though the introduction of these policies has fuelled growth of premium income, they have turned out to be a double-edged sword for the insurance companies, since they indicated returns of 7, or even 8 per cent to policyholders, a rate of return that is looking increasingly unachievable, with the ongoing decline of interest rates.

With a set tariff structure, the main focus of most of the foreign insurers in the Japan market is working hard to keep costs in line. "It is not difficult to keep abreast of loss ratios," said Mr Roger Bellamy, the chief executive officer of the British Insurance Group, "the main job is expenses control."

Most of the foreign firms active in Japan, even though they can generate only a modest volume of business domestically, with the rising number of Japanese companies moving production offshore, can tap into a more extensive branch structure than is offered by most of the Japanese general insurance groups.

Brian Robins

France

Apprehension over reform

FRANCE'S INSURANCE industry faces the prospect of a thorough overhaul of the rules and regulations which govern it, and it is not at all sure that it likes what it sees.

The first rumblings of complaint have been heard from the industry, following the announcement in February by Mr Edouard Balladur, Minister of Finance and the Economy, of the general outlines of the reform, which he plans to embody in a bill to be put before parliament in the spring and voted on in the autumn.

"The subject is vast, technically difficult and often juridical in nature, and the reform will bind the insurance industry for decades. It deserves rather more thought," commented Mr Jaques Lallement, president of the Federation of French Insurance Companies.

The project sketched out by the Finance Ministry is intended to liberalise and modernise the rules governing insurance companies, to enable them to compete, within France, against banks and other financial institutions which have been making inroads into the market; and internationally against other insurance companies in the EEC.

Officials are concerned that French companies have not yet recognised fully the consequences of the freeing of the EEC market in financial services from 1992, which would expose the industry to competitors with more developed broking and reinsurance structures.

France accounts for 19.5 per cent of total insurance premium flow in the EEC, according to the latest figures published by the Finance Ministry, but insurance makes up only 4.31 per cent of gross national product, compared with 5.87 per cent for West Germany, 6.9 per cent for the US, and 7.05 per cent for the UK.

In accident insurance, France ranks second in the EEC, behind West Germany, with 23.4 per cent of total premiums. But in life assurance the country falls well behind, with only 14.1 per cent of Community premiums.

The Government's planned reform will help companies to develop their product range more freely by doing away with the system under which they must gain prior approval for any new insurance policy or product they introduce. Instead, policies will be subject to control by the authorities after they are introduced.

The bill will include a reform of the status of France's mutual insurance companies, which have been gaining market share rapidly at the expense of the three big traditional insurance companies—the state-owned groups UAP, AGF and GAN—particularly in the car and fire insurance sectors.

The legislation will introduce, as the regulatory authority in charge of the insurance industry (which is currently supervised by a directorate of the Finance Ministry), a new independent commission with powers of sanction. This will be similar to the commission installed three years ago to monitor the banking sector, and will supervise companies' solvency ratios.

Mr Lallement, of the insurance companies' federation, is unimpressed. "We note that the bill leaves on one side the two questions which for us are fundamental: taxation, and the distortions of competition," he said in a recent interview.

The insurance companies want a reduction in the burden of special taxes applied to their policies, and especially the elimination of the taxes that apply to the traditional insurance companies but not to the mutuals.

If the prospect of competition on the European scale still seems remote to some companies, the more immediate horizon for the big three nationalised companies is their return to the private sector. The stock exchange has been kind to the industry over the last five years, with the continuing rise in the Paris bourse boosting investment portfolios considerably, but it has also upset some stomachs.

The struggle last year between Mr Claud Bebear's AXA group and Mr Bernard Pagezy's Compagnie du Midi, with its AGP Insurance subsidiary, to annex the La Providence insurance group provided a taste for the Paris bourse of the kind of takeover battles London and New York had become used to.

The fear of another such battle is one of the reasons why the state-owned insurance companies are showing less of a taste for privatisation than the banks. All three, and particularly AGF and GAN, are being eyed as extremely tempting acquisitions by a number of possible predators.

The privatisation of AGF, originally due to make up, with the glass and packaging group St Gobain and the merchant bank Paribas, the first trio of companies to move into the private sector, has been postponed indefinitely.

Officials doubt if it will be possible to achieve the privatisation before the end of 1987. Although there have been reports of UAP or GAN stepping up to fill the breach, it is felt that, to fulfil his pledge to privatise at least one insurance company this year, Mr Balladur may have to content himself with Mutuelles des Mans.

George Graham

West Germany

Big two break new ground as foreigners wait

INSURANCE IN West Germany is no longer quite the cosy business it used to be.

Two companies, Allianz, the country's largest insurer, and Aachener and Muenchener, the fifth biggest, are leading the way towards international expansion and new activities.

Meanwhile, the entire insurance industry is having to adopt a more professional approach to managing its huge investment pools. The surge of life policies due for maturity in the next few years means that companies are having to beef up their investment departments and to offer new products to persuade clients to keep their savings in the insurance system.

Waiting in the wings are the foreigners, heartened after the recent European Court ruling on liberalisation. The influence of foreign insurance companies will be slow, but West German companies will gradually have to address the challenge of greater competition in their home market.

West German insurance begins at Allianz. Premium income at the Munich-based company rose to DM 19.2bn last year against DM 17.4bn in 1985, ranking it one of Europe's biggest insurance companies.

Domestic premium growth has been moderate, but Allianz's foreign business has been surging ahead thanks to a series of acquisitions. Cornhill Insurance of the UK, bought in 1986, contributed DM 1.2bn to the DM 1.8bn rise in Allianz's premium income last year.

Allianz is also engaged in the step-by-step takeover of Riunione Adriatica di Sicurta (RAS), Italy's second largest insurance group.

While Allianz has been growing by foreign acquisition, the Aachener and Muenchener, which is 20 per cent owned by Royal Insurance of the UK, has branched out into new activities at home. Last year it agreed to buy a controlling interest in Bank fuer Gemeinwirtschaft (BfG), West Germany's 13th largest bank, from the country's trade union movement.

The deal was formalised on January 1 this year. The Aachener and Muenchener has chosen a three stage programme, formally agreed at its March 9 general meeting, to finance the DM 1.9bn deal, which has to be paid by June 1.

The bulk of the money is coming from a DM 1.34bn rights issue. Another DM 44m of authorised nominal capital will be alloted for the mainly-foreign placing of bearer shares.

Acquiring BfG is a bit of a gamble, say analysts. The bank had a very difficult year in 1986 owing to the Neue Heimat affair and speculation about its ultimate ownership. In the end, BfG only maintained its profitability by selling some important assets.

Longer-term opportunities for cross marketing between banking and insurance certainly exist, especially in view of the forthcoming surge in life policy maturities. In the shorter term, however, BfG is not over the hill. Its retail customers have been faithful, but the confidence of corporate clients has been less easy to retain.

Might the Aachener and Muenchener one day move from Aachen. Last month BfG announced draft plans for a new skyscraper in Frankfurt. If that goes ahead, observers are wondering whether the Aachener and Muenchener might move at least in part into the bank's existing Frankfurt headquarters.

Overseas expansion, especially in the US, is very topical at the moment. As more West German industrial companies invest directly across the Atlantic, the insurers, like the banks, are having to follow. This year's $2.85bn takeover by Hoescht, the Frankfurt-based chemicals group, of Celanese, was just another indication of the trend.

One of the biggest challenges facing the West German insurance industry is how to manage its huge investment pools, estimated at DM 500bn, more professionally. That figure is probably conservative, as it is taken at book value. Moreover, the total is expected to double by the year 2000.

With their investments producing some DM 50bn in income a year, "West German insurance groups must increase their expertise," says Mr Joergen Bohn, a broker specialising in insurance stocks." The area has not been treated very professionally in the past," he adds.

That is partly because of the companies' hitherto ultra-conservative investment policies. Some 60-65 per cent of assets are ploughed into fixed interest bonds, notably federal government issues.

There are small hints of a change. The Spezialfonds—"special funds"—which banks manage for individual insurance companies, and which now amount to about DM 45bn, probably have a slightly higher equity content.

More recently, the insurance companies have started offering "Ablauffonds" — investment funds—of their own, which they manage themselves. These funds, first set up about three years ago, are worth at least DM 3bn now, and were specifically formed to offer life clients suitable new vehicles within the insurance system when their policies matured.

What the prospect of greater foreign competition brings remains to be seen. Liberalising the market is bound to put some pressure on premiums. But no one is expecting a rush of European groups into West Germany.

Haig Simonian

Brokers

Smaller players under pressure

IN THEORY, 1987 should be a buoyant year for Britain's insurance brokers. With premium rates still on the up-cycle in most major markets, and underwriting capacity seeping back in all but the most stubborn classes of non-life business, the next 12 months ought to yield rich pickings.

For some brokers, that will hold true. Sadly for many, however, 1987 will actually be the year of the big squeeze. To put it more prosaically: a combination of factors mean that the next year's rewards may be very unevenly distributed—with the smaller players suffering the worst.

The factors in question include downward pressure on commission rates for non-life business (at Lloyd's and in the company market), unwelcome changes in credit terms offered by underwriters, and the upward trend in expenses.

Add to that the impact of the Financial Services Act in the life assurance field—which will also reduce commission income and impose possibly onerous regulatory burdens. Then, witness the fact that a Lloyd's working party, chaired by Mr Alan Parry, is now examining regulation of Lloyd's brokers.

It amounts to a situation in which, says Mr Hamish Ritchie, chief executive of Bowring UK, "the smaller broker is under pressure."

That being so, 1987 may see more and more small mergers and acquisitions of privately-owned brokers, as the weaker players run for cover. Last year's abortive takeover bid for C. E. Heath by PWS, a rival Lloyd's broker, reinforced however the point that, in a "people" business like this, hostile takeover bids for quoted broking companies are unlikely to be worth the effort. In the Heath case, fears of the consequences if PWS should take control led to a mass defection of Heath broking executives last December.

Analysis should start at the top end of the market with the great Lloyd's broking houses, such as Sedgwick, C. T. Bowring, Willis Faber, and Stewart Wrightson (each of whom take around 50 per cent or more of their brokerage in US dollars). In one big problem area—the London reinsurance market—brokers enjoyed a distinctly more orderly renewal season in January. But there are still a series of question-marks over their powers to sustain satisfactory revenue and profits growth.

First, North American property/casualty premium rate increases have been tapering off quarter-by-quarter (with alarming tales from, for instance, Alexander and Alexander, the New York broker, of isolated 50 per cent rate cuts in some property lines). Brokers also still complain of capacity shortages in some notorious areas. "General liability and product liability business are still very difficult—though we have been able to place some business that was impossible last year," says Mr Carel Mosselmans, chairman of Sedgwick.

Second, in two key areas—marine insurance broking, and energy-related risks—brokers have been hit by global shipping recession, and by a falling oil price that has depressed oil and gas exploration activity.

On the marine side, the picture has been made worse by signs of rate-cutting competition in foreign markets. In oil and gas, Sedgwick—the biggest player—was hit by the defection of four high-ranking executives to Alexander Howden early this year, another sure sign of intensified competition.

For some big brokers, factors of this kind have a positive side, because they create opportunities to strengthen specialisations in a particular "niche" area.

The classic case is professional indemnity—where 1985 saw a crisis marked by skyrocketing premium rates and a retreat from the market by underwriters. Here, the crisis has gradually eased in some areas—such as professional indemnity cover for small accountancy firms, or country solicitors.

The precise impact of problems like these on individual brokers will be shaped by each one's distinctive mix of business. The same is true—to a lesser extent—of the effects, first, of reduced commisson rates; second, of tighter credit terms; and third, of the rising cost of brokers' errors and omissions insurance.

On the first point, the most striking move so far has been in the British insurance company market—where leading composites imposed, from January, 10 per cent cuts on commission rates on some classes of business.

"This is going to hurt," says Bowring's Mr Ritchie. But, he points out, the effects will be worst for smaller brokers—especially the smallest High Street operators. Not surprisingly, Bowring UK has a clear policy of looking for local acquisitions of family broking businesses which may be feeling the pinch.

Second, non-marine underwriters at Lloyd's of London are now experimenting with terms of trade which reduce, from five months to 90 days, the time within which brokers must pay over premiums.

With investment income making up between a quarter and a half of the pre-tax profits of front-rank Lloyd's brokers, the pressure on some big brokers' margins could be significant.

In a sense, both these problems are the natural penalties of the hard market. According to Mr Andrew Alers-Hankey, finance director of Hogg Robinson, "It's a question of the insurance companies using their muscle to steer their distributors in the direction of bringing volume and quality," he says.

The third point—rising premiums for errors and omissions insurance—is also worrying.

Sedgwick, the biggest quoted broker, saw its premium double from £10m in January 1986 to £20m this year.

Yet for a big-league broker e&o premiums are only a small fraction of total costs. More substantial, for them, is the broader escalation of staff and systems costs (at Sedgwick, for instance, expenses growth averaged 32 per cent per annum from 1980 to 1985).

Most conspicuously, competition between brokers for key business producing executives has led to a bidding-up of salaries.

One index of the kind of corrective action that some companies have to take emerged from the union of Howard Group with PWS in mid-1986. Following the merger, 60 of the group's 370 staff were made redundant—mostly from the back office.

Nick Bunker

Profile/Marsh & McLennan

Bringing stability to the market

HIGH ABOVE midtown Manhattan, in Marsh & McLennan's HQ, Mr Robert Clements was in contemplative mood last month.

"We have to find ways of restoring continuity and stability to our markets," he said. Mr Clements is president of Marsh & McLennan Inc, Marsh's US-based insurance broking arm.

In other words, he implies, the big brokers have to exert a stabilising influence on the market for big commercial risks—a market disordered by harsh cyclical price movements and big fluctuations in available capacity.

Another key problem, says Mr Clements, is that insurance has come to be treated as "a commodity"—the subject often of costly, tortuous litigation when a claim occurs—rather than as a long-term contract between policyholders and underwriters.

"We have given an open invitation to insurers to add value to their products by the quality of their claims service," Mr Clements says.

For Marsh, as for other US broking houses oriented towards placing risks for Fortune 500 companies, issues like this became critical in 1985. Two years ago, it was facing acute difficulty in securing adequate liability insurance for big corporations, and their directors and officers.

Marsh & McLennan and its London-based Lloyd's broking subsidiary, C. T. Bowring, form by far the world's largest insurance broking group (its late 1986 market capitalisation of $4.3bn made it nearly four times the size of Alexander & Alexander, its biggest US rival).

It is also well established outside straight insurance broking. Mercer-Meidinger, its global pensions, employee benefits and health care consulting arm, and Putnam, its Boston-based investment management company, made up in 1986 about 30 per cent of its $1.8bn operating revenue.

Nevertheless, in spite of Marsh & McLellan's broad base, the 1985-86 liability insurance crisis hurt, because of the threat it posed to long-standing ties to major clients.

As Mr Clements points out, Fortune 500 corporations have a tendency to "shoot the messenger" when an insurance broker tells them he cannot find sufficient cover.

This has to be a prime concern for Marsh & McLennan, because of its basic corporate strategy. That, says Mr Frank Tasco, group chairman and chief executive, is to grow, organically or by acquisition, in "the fields we do best—meaning high quality professional services to corporate clients."

Less well understood, perhaps, is the philosophy behind the steps Marsh & McLennan has felt obliged to take to maintain its service to clients through each vicious swing in the insurance cycle.

Most recently, in January, there was SCUUL, a Bermuda-based insurance company initially capitalised at $40m, and organised with Marsh & McLennan's help. It will give excess liability and educators' legal liability insurance cover to US schools and colleges.

This was a variation on the theme of ACE (set up in 1985) and XL (launched last year), two offshore insurance companies organised by Marsh & McLennan and Morgan Guaranty Trust of New York.

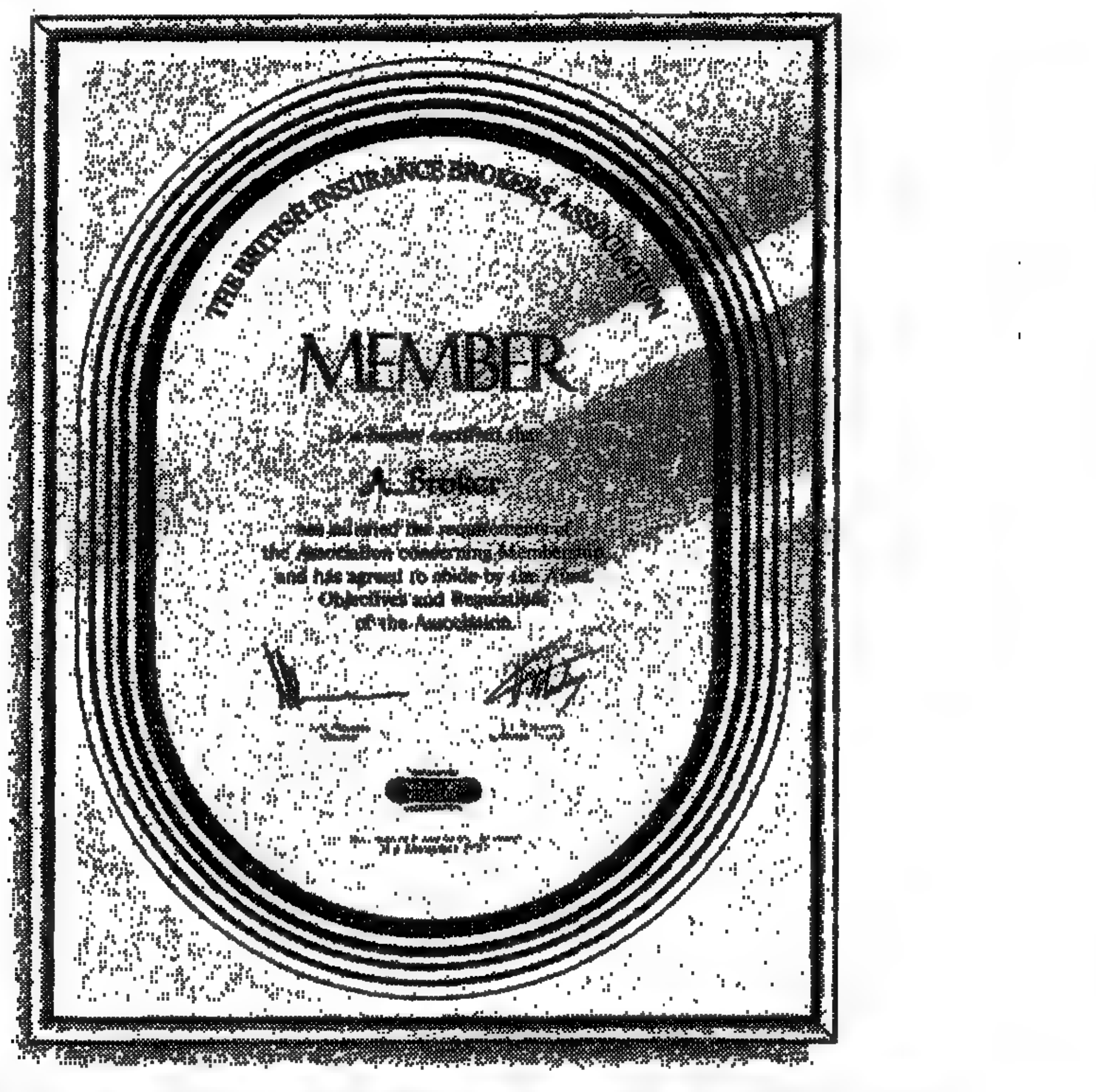
They provide excess liability cover for the two companies' sponsors and shareholders, which are US and foreign corporations. But—according to Mr John Sinnott, Marsh & McLennan Inc's executive vice-president—ACE and XL will also "help level the peaks and valleys of historical cycles."

The theory is that ACE and XL focus capacity in one specialised, high-risk area, freeing traditional insurance companies to concentrate attention on other fields.

Also, Marsh & McLennan has spent more than $2m devising a new type of insurance policy—the "discovery" form. It is now used by ACE, XL and by the American Excess Insurance Association, a group of big US insurers formed last year to underwrite similar problem risks.

The "discovery" form was a response to the widely-held view that the widely-used, but 30-year-old, "occurrence" form of insurance policy was obsolete. Open to wide re-interpretation by US federal and state courts, it readily attracted big claims for losses incurred on liability policies written decades before.

Nick Bunker



The non-life market

Motors the main UK problem area

A NON-LIFE insurance underwriter who emigrated from the US to the UK this year would come upon a scene of relative tranquillity. As in the US, he would see steep premium rate increases starting to flatten out—but would detect far fewer fears of a return of rampant price-cutting competition.

Only the British motorist and Britain's worsening winter climate seem to pose a threat to the industry's prospects. And rate increases by insurers have already tempered the impact of the £200m in extra claims expected as a result of a bout of blizzards in early 1987.

Yet appearances can be deceptive. Beneath the placid surface, the UK's non-life industry is passing in a more gentle way through some of the same kind of changes as the US. A lot of the interest focuses on marketing.

In Britain, as in the US, the pattern has been for attempts at increased market segmentation—a drive, particularly in personal lines, for companies to target specific markets.

This should not be too surprising. In personal motor insurance, the spur to innovation is the worsening claims experience.

In household business, it seems to come from perceptions that intensified competition in the financial services field could upset traditional distribution patterns. In fact, this has already started to happen in the non-life market, as well as the life assurance and personal investment field.

Perhaps the most intriguing step so far has been Royal Bank of Scotland's move into direct marketing of motor insurance, which cuts out intermediaries altogether.

In terms of the UK's underwriting cycle, 1984 and 1985 marked a trough, followed by a strong recovery with its roots in late 1984 in a firming in commercial property rates.

Partially, as in the US, that was a response to the widespread tightening of the reinsurance market.

Royal Insurance, for instance, registered a £40m underwriting loss in 1985, with an operating ratio of 105.2. Last year, it clawed its way back to report underwriting losses of only £3.5m, with an operating ratio of 99.9.

But in the UK, the biggest problem area has been motor insurance. It accounts for about 25 per cent of UK non-life premium volume.

According to the Association of British Insurers (ABI), which represents more than 400 companies, underwriting losses on all motor business have climbed from £9.3m in 1981, to £78.1m (1982), £227m (1984) and £371m the year after.

Along with that, the years since 1981 have seen a continuous rise in claims frequency, with several largely unanticipated jumps.

Determined rate increases have been one response. Royal Insurance, for instance, reckons that a driver renewing his policy in March 1987 could expect to pay 21 per cent more than 12 months before.

Falling oil prices spurring greater vehicle usage, a perceived deterioration in the road network's condition, and signs of an increase in drunk driving, have all been cited as factors behind the increase in claims. Another cause, some argue, was the industry's widespread introduction of protected no-claims discount, whereby policyholders who paid an extra premium could make some claims without losing an existing discount for good experience.

For the most part, the industry is aware that, by themselves, rate increases are not enough.

So, for instance, on March 1 insurance companies and the Lloyd's Motor Underwriters Association began operating a computerised Motor Insurance Anti-Fraud and Theft Register. It is aimed at eliminating multiple claims, one of the most common types of fraud.

More broadly, the industry has responded with attempts to target the better risks, then add value to the product to counter buyer resistance to premium rate increases. Royal, for instance, has built up a national force of 60 auto engineers, and a list of 1,200 approved garages which it can recommend to policyholders.

Also—to pick another case at random—Commercial Union has targeted older married couples with its Dual Driver policy.

Some observers argue that marketing refinements in the motor field will continue to spill over more and more into other areas, such as household insurance.

One classic instance was the Royal's introduction first of its CarShield policy in the early 1980s, which targets motorists in specific age groups; then of HomeShield, which gives a range of premium discounts to householders who take special precautions.

Nick Bunker

Lloyd's

Three beacons to watch

TO AN outsider, the Lloyd's insurance market poses an initial fundamental difficulty. Rather like levitation, it ought not to work.

Here is a fiercely competitive environment in which all of the risk capital is provided by individual underwriting members ("Names") who commit their entire wealth, without limit, to individuals acting on their behalf.

If the insurance activities lose money, the Names—who have no say whatsover in day-to-day decision making—must pay up in full and immediately. On any rational analysis, this open-ended proposition should attract little support.

Self-evidently, however, Lloyd's does work: 30,000 people have willingly become Names. Contrary to general belief, most have made money and are likely to continue to do so.

Lloyd's is by far the largest single contributor to the UK's invisible earnings. Policy-holders are safe in the knowledge that the security of the Lloyd's policy remains undoubted. No other market has yet been able remotely to measure up to Lloyd's phenomenally efficient ability to raise new capital.

Yet the constant carping and criticism persist. Charting the right future course, between the Scylla of over-regulation and the Charybdis of commercial laxity, is proving as complex as Lloyd's itself.

There is a danger that, in seeking to assuage some criticisms, Lloyd's will run into others. Three beacons will have to be kept clearly in view. First, the need to balance the risk/reward ratio; second, the necessity of accepting technological solutions to current business problems; third, the need to secure the market's commercial basics.

On the first issue, the recent report of the government-appointed Neill Inquiry into regulatory arrangements at Lloyd's provides illuminating pointers.

Most of Neill's 70 recommendations are beyond intellectual challenge. Lloyd's rightly intends to implement them all as fully and as quickly as it can.

But it will encounter a number of problems on the way. Of these, the greatest is the prospect that Lloyd's will be labelled iconoclastic when some of the recommendations prove very difficult to implement, and so have to be modified in their application. An atmosphere has been created which characterises the slightest reservation about the effects of the Neill findings as equivalent to backsliding. This is misguided and simplistic.

As an example, the Neill report contains pervasive references to the beneficial effects of a strong system of professionally-expert members' agents through whom a Name can best ensure control over, and confidence in, his total underwriting activities. But, by recommending that any Name should be allowed to deal directly with as many separate agents as he pleases, the report inevitably promotes both an increased emphasis on *caveat emptor*, and a regulators' nightmare.

Another theme of the report is the positive effects of competition within the market. It is hard to reconcile this with the recommendation that all charges made by underwriting agents to Names should be on a comparable basis.

Elsewhere, the Neill Report rightly calls for more detailed information to appear in syndicates' annual reports. Is it really so helpful to provide highly technical information to an audience unversed in the practical details of a mature, sophisticated market?

The point is that Lloyd's falls apart if you analyse it too intellectually. A rational approach to an irrational beast carries its own special dangers—none more so than the attempt to impose rules to blunt inherent risks. The sharp contrast between risk and reward is at the heart of Lloyd's.

The Lloyd's syndicate structure encourages a unique form of entrepreneurial activity. If they are over-fettered, the rewards that Lloyd's underwriters can achieve must perforce decline.

No one questions the need to ensure adequate protection of Names' interests within a properly regulated market. But the degree of protection must be governed by the nature of the activity. Membership of Lloyd's will always be a high risk proposition. The vogue for increased investor/consumer protection must be balanced against the entrepreneurial skills and attitudes that are the essence of Lloyd's.

The second major issue is that Lloyd's must bring to bear modern methods and management principles—including the extensive use of information technology—to overcome business inefficiencies.

For example, adopting Neill's recommendation for enhanced interim reporting during the three-year life cycle of a syndicate account could prove reckless if steps are not taken to improve the existing ways in which business events are advised within the market. Today's volume of business cannot be satisfactorily monitored by yesterday's procedures.

Yet there persists a view that the immense productivity, control and competitive advantages offered by current information technology systems are somehow inappropriate for Lloyd's.

The trouble is that such systems are expensive, and their full potential will emerge only by disciplined usage within a carefully structured market environment.

This is where the problem lies. Despite the size of the Lloyd's market, it is peopled by a large number of generally very small businesses, each fiercely independent and reluctant to adapt their individual practices to fit in with a larger design for the common good.

The absence of overall corporate direction is Lloyd's strength, and its Achilles' Heel. By eschewing corporate bureaucracy, Lloyd's secures the lowest cost ratios in the industry.

Yet Lloyd's has failed to secure a market-wide approach to improving traditional methods of transacting and reporting business. It has yet to accept that the required leadership skills are unlikely to be found within the existing corpus of professional underwriters. If this continues, Lloyd's must risk ceding its competitive edge to other, more enlightened markets.

Thirdly, Lloyd's must keep a very close eye on business fundamentals. Most current activity remains focused on completing its regulatory framework. Far too little attention is being paid to the market's commercial future.

It will be of little comfort to operate the world's largest, best-regulated and most financially secure insurance centre if business declines because of late delivery of policies to insured parties, or agonisingly slow payment of claims.

Peter Rawlins

Managing Director, R. W. Sturge & Co, a Lloyd's underwriting agency.

Lloyd's is the largest single contributor to the UK's invisible earnings

Composite insurers

Protectionism a barrier

BRITAIN'S FIVE biggest composite insurance companies are standing at a cross-roads.

The year 1986 was when the sharp upturn in the sector's fortunes in the US and the UK fed through into a huge earnings recovery. It was most dramatic at Commercial Union, which notched up a £119m global pre-tax profit, after its £59m loss the year before.

Cost-cutting programmes during the crisis years — and the greater emphasis most are now placing on life-related business — should have left the composites better placed to secure themselves against the next down-turn.

Yet there are a series of opportunities and obstacles facing them.

Their balance sheets are very strong, after several years of premium rate increases, low inflation and booming equity markets combined with the strong performance of the US bond markets. General Accident is now a by-word for financial solidity: its solvency margin — the ratio of shareholders' funds to premiums written — dipped slightly in 1986, but still stands at 92 per cent.

And Royal, for example, reported a 1986 year-end solvency margin of 66 per cent—against a 25-year average of 58 per cent, and a 1981-86 average of 64 per cent.

One fundamental problem remains—that is, the protectionism that closes off many territories to foreign insurers, even in western Europe. It still poses a big barrier to the kind of geographical diversification that could temper the impact of the US underwriting cycle on the composites' earnings.

CU and Royal have both shown signs of wanting to expand in Southern Europe—where Greece and Spain, both recent entrants to the European Community, also have relatively undeveloped life assurance markets. But they admit that these markets would never account for more than a few per cent of premium income.

North America remains the first problem area to tackle. The US made up in 1986 for 27 per cent of Commercial Union's non-life premium income, 40 per cent of General Accident's and about 46 per cent at Royal Insurance.

For these three companies—all of whom sell via the independent agency system—the challenge will be to match the tactical manoeuvring under way among the big US property/casualty insurers. Sun Alliance — arguably — has already done this via its link to New Jersey-based Chubb Corporation, through which it writes US business.

So far, the other composites' strategies have been sharply different. Royal—which also completed last autumn its headquarters relocation from New York to North Carolina—has been the closest to the moves made by US-owned insurance companies. That is, it has taken to heart the general perception that agency writers cannot compete aggressively for personal lines of insurance.

So Royal will remain fundamentally a commercial lines company, selling via a greatly slimmed-down network of independent agents. Its tactic has been to become a "niche-player" in personal lines, via for instance a link to Frank B. Hall, the big US broker. It channels to the Royal all the personal lines business it generates from the executives of its corporate clients.

GA's tack has been different. Historically oriented towards personal lines, especially motor insurance—it only started writing commercial business about 20 years ago—it has held back from cuts in its agency force.

It has even expanded its North American operations by acquisition. In 1986, it bought two motor insurers, Pilot Insurance in Canada, and Oregon Auto in the US.

But the US is not the only area of challenge. For better or worse, 1987 and 1988 will be the years when the new Financial Services Act starts to reshape Britain's life assurance industry as a side-effect of its creation of a new investor protection regime.

Already, there are clear indications of a shake-up in the distribution patterns of an industry where all the composites are now big players. First, smaller intermediaries and insurance brokers are under pressure to become "tied agents" for just one big life company, because they may feel unable to bear the regulatory burden of staying independent.

Second, the new regime's requirement that independent intermediaries give their customers "best advice" could penalise some life companies.

So 1987 should, by implication, see clear moves by the composites to expand their direct sales forces (Royal's has grown to about 800 salesmen), recruit independent intermediaries to become tied agents.

Nick Bunker

Information technology

The biggest challenge is in London

INSURANCE COMPANIES now understand that, as part of the world-wide financial services industry, they face exactly the same pressures to make the best use of technology as banks, building societies and stockbrokers.

Failure to do so could mean significant loss of market share, not only to traditional competitors but also by leaving them at a disadvantage when challenged on their own ground by new competitors—the building societies, for example.

For companies operating in the London market, the question is particularly acute. They have seen the London Stock Exchange invest heavily in technology to create an electronic marketplace that can hold its own against the rest of the world. They are aware they must follow suit if London is to remain the centre of the insurance and reinsurance world.

The problem is to secure agreement, among the principal players in the London, on the form of network that will tie them all together in one electronic market. The design of the London market network is now on its fourth or fifth iteration; the latest tender is now due to go out to potential suppliers.

When successfully implemented, it should make possible electronic document interchange (EDI) between the principal participants in the London market. EDI is seen as perhaps the most important aspect of the new technological revolution, forming an instant communications link between companies and their customers.

Up to now, however, it has been difficult to secure agreement between underwriters, brokers and the very important insurance bureaux: the Lloyd's Policy Signing Office (LPSO), at Chatham, the Institute of London Underwriters (ILU), and the Policy Signing and Accounting Centre (PSAC).

Some two years ago, the London Insurance Brokers Committee (LIBC) agreed and issued a tender for the network off its own bat.

Two computer vendors, IBM, of the US, and ICL, the UK's largest computer manufacturer, came out top of the rankings with the judgment almost certainly going in favour of ICL.

Other market participants were less happy, however. Many were staunch IBM users. Indeed, according to a recent survey from Pedder Associates, IBM has 76 per cent of the market for all computers used in the insurance industry costing more than £30,000.

ICL is in second place with 4 per cent, its chief strength being in systems costing betweeen £250,000 and £500,000.

The stalemate was broken through the appointment of a new head of computer systems at Lloyds, Mr Desmond Lee.

An influential figure in the computer industry and former chairman of the IBM Computer Users Association, Mr Lee was instrumental in bringing all the participants in the London market together to form a network steering committee. It is this committee which has framed the new tender document that will go to IBM and ICL.

But, as Mr Douglas Shillito, director of the Shillito Consultancy and editor of the respected *Insurance Computer Systems** points out: "The real need now is to define the applications which will run on the network. Nobody seems yet to be addressing the business benefits."

The question of communications apart, the larger insurance companies and insurance brokers have tended to have their insurance software custom-written—it is costly, but they are all such individualists that they would brook nothing less.

The advent of the low-cost personal computer made in-house computing a reality for these firms. Nevertheless, Mr Shillito estimates that only 10 or 15 per cent of brokers are yet using insurance packages.

In the US, a new report ** from market consultancy Frost and Sullivan suggests that America's 60,000 independent insurance agencies will spend $680m on automation—and even then, only 45,000 will still be in business by 1990.

Any firm which thinks that it can afford to step back from the rush to use new technology should consider the example of Friends Provident, of Dorking, Surrey.

Working with Prestel, the British Telecom viewdata service, the company devised a closed user-group system which it called Frentel. The system made possible an electronic link between its brokers and its own computers.

All sorts of information, in addition to quotations, were available over the electronic link. While slower or more cautious firms looked on, Friends Provident doubled its market share. Furthermore, its competitors were not able to catch up easily. The technology involved developing a Prestel "gateway," an electronic door into the system, which took time and expertise.

IBM and ICL (which has formed a link with the US computer network operator, Geisco) offer similar value added network services (Vans) for the industry.

Jennifer Jarrett, insurance marketing manager for Digital Equipment and joint leader of the Chartered Insurance Institute's group on information technology, points out that, within large brokers, the marketing department now wants to know much more about their policy holders.

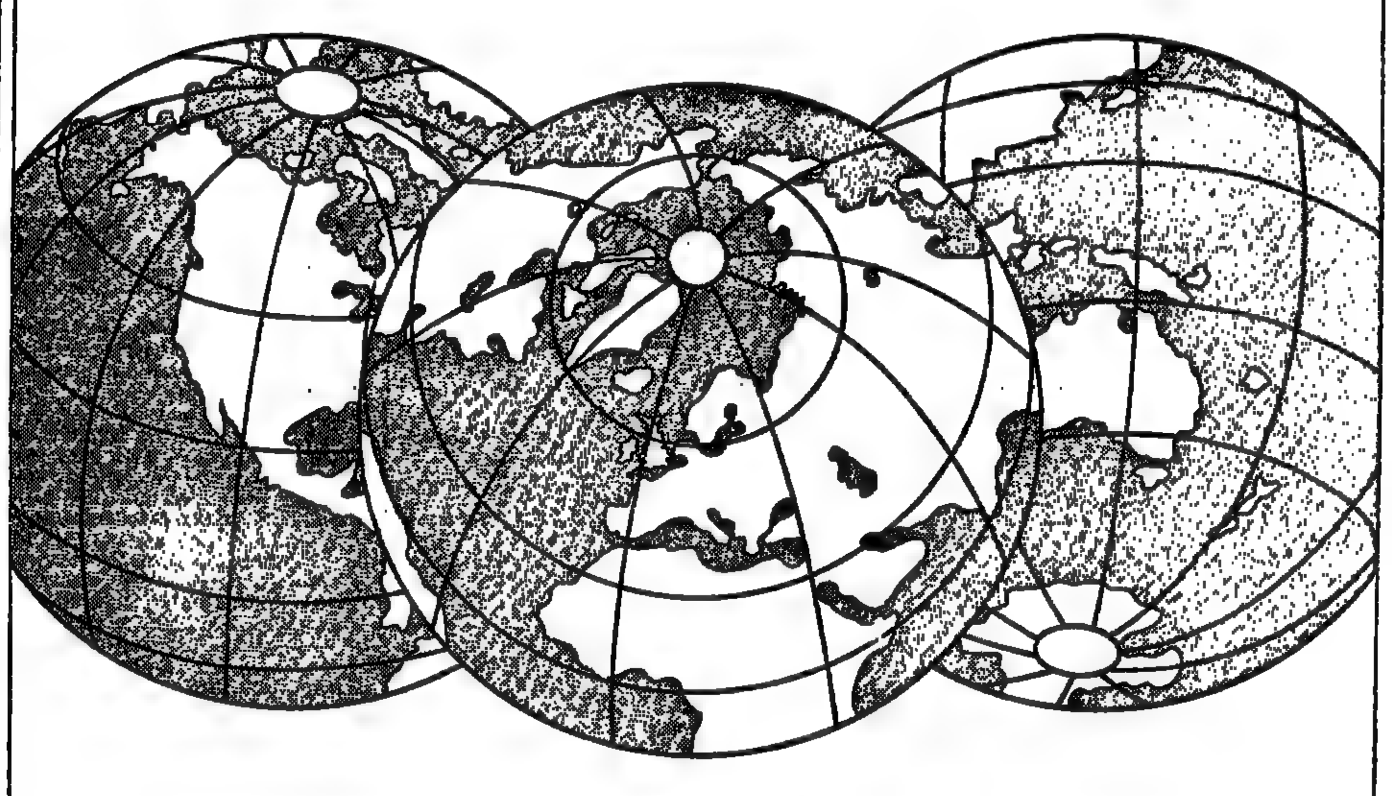
The emphasis, therefore, is switching to "branch processing" similar to that seen in the banks, where customer information is stored locally.

For the future, there is powerful interest in image processing—ways of storing documents electronically so they can be recalled quickly and accurately. The sheer problem of storing paper documents ensures that electronic techniques, such as image processing or video discs, will assume increasing importance.

**Insurance Computer Systems, IBC Ltd. 01-236 4080.*

***Insurance Office Automation in the US, Frost and Sullivan, $1,900. London office 01-730 3438.*

Alan Cane



UK life assurance

Protection may prove double-edged

LAST YEAR brought a boom for Britain's life assurance industry. New business figures broke all previous sales records by a hefty margin.

Not only did the "unit-linked" sector grow rapidly once more, with many traditional life companies entering the field. There was also a vigorous recovery in the sales of traditional "with-profits" life contracts, thanks to a buoyant home-buying market and the increasing use of life assurance endowment policies to service a mortgage loan.

Now, 1987 looks set to repeat this sales bonanza. Yet, while the skies look blue for life companies, stormclouds are looming on the horizon. The storm might break by the end of the year. It is one of the by-products of the UK's 1986 Financial Services Act.

The new law will be policed chiefly by the Securities and Investments Board, formed in 1985 to become the UK's central investor protection watchdog. It has drawn up detailed regulations which it will apply to the way life assurance, unit trusts and other investment media can be marketed.

Nobody can argue with the Act's underlying aim of protecting the consumer-cum-investor. In fact, outside the industry there are many critics—especially on the Labour benches in the House of Commons—who say the Act itself is a weak-kneed compromise which makes too few reforms in Britain's system of investor protection.

Nevertheless, the SIB's new regime will have a far-reaching impact on the way life assurance contracts and unit trusts are sold. Already, there is speculation that thousands of Britain's small independent life intermediaries will vanish, often to become salesmen tied to one life company or another.

Some even talk of a deeper rationalisation of the industry, with some of the 110 British life companies withdrawing from the market or merging into larger groups.

Until now, life assurance in the UK has operated in a relaxed regulatory environment. There are no central controls on the selection, training and marketing methods of salesmen—except for those imposed by the 1977 Insurance Brokers' Registration Act on registered insurance brokers. There are no central controls on the remuneraion of salesmen, nor of the advertising methods, materials or information provided. All this will change when the SIB's new regime comes into force, possibly as early as January 1, 1988.

Consumers will be protected in two ways: First, the life salesman must be adequately trained and his business run in a prudent manner with proper accounting procedures and adequate capital backing. Second, the consumer must be given full details of the investment vehicle he is buying, so that he understands the nature of the product, what it is costing him and the basis of comparison with other types of investment.

One central and highly controversial theme is the "polarisation" proposal put forward by the SIB.

Polarisation means that any person selling life assurance or unit trusts must either be a truly independent intermediary, advising on products from the whole market, or a company representative selling only the products of one life company or unit trust group.

The salesman must make his status clear at the outset in any sales dealing with clients, so that the consumer knows whether or not he is getting independent, impartial advice.

SIB has adopted this stance in order to protect consumers. It claims that there can be no "middle ground"—where salesmen claim to offer independent impartial advice, but only deal in reality with a few, and not necessarily the best, life companies.

Polarisation will end the growth of the "tied agents"—those life salesmen who operate as independents, but put the majority of business with the one life company to which they are tied. Yet it also hits the accountant, the solicitor and the estate agent. It hits any professional person who, from time to time, advises clients on life assurance and pension matters, often in conjunction with the local inspectors or just one or two favourite life companies.

Above all, polarisation hits the banks and building societies. Until now, they have provided through their branch managers and counter staff both an insurance advice service, and a marketing outlet for their own in-house products.

Not surprisingly, the banks and building societies have lobbied everyone in sight to reverse the polarisation requirements, at least as they affect their own activities. They claim that their staff are well trained, and that there is no evidence of any inbuilt bias towards in-house products in their advice. Their conclusion is that polarisation will damage their service to customers.

The intermediary representative organisations, the British Insurance Brokers' Association (Biba) and the Life Insurance Association (LIA), as well as the Consumers Association, have strongly supported SIB's stance on polarisation. They have urged parliament and the Department of Trade and Industry not to give in to the banking lobby.

Yet the banks and building societies have failed in their efforts. Now they have some difficult choices to make on how they operate in the field of life and pensions.

The next area of confusion relates to advertising and disclosure of information to customers.

The industry says that if every detail of an investment product has to be given in the promotional material, particularly in media advertising, the documents will be unattractive, the advertisements too long and boring, and the consumer oversaturated with information.

The Life Assurance and Unit Trust Regulatory Organisation (Lautro), whose members are life companies and unit trusts, is trying to negotiate a suitable compromise with the SIB.

There is a lot of argument between the life assurance industry and MPs and civil servants over the disclosure to the public of the charges made by life companies on investment products, the commission paid to intermediaries and the cost of cashing in the contracts early.

Until now, the standard form of remuneration to intermediaries has been by commission. Salesmen have been paid by the life companies for the products they sell. This takes the form of high initial commission payments and low renewal payments, reflecting costs of selling contracts to the public. Suggestions that the public should pay fees direct for advice have been dismissed out of hand.

This system has often resulted in product bias. Intermediaries sell the contracts that provide the highest commission, and investors lose heavily if they surrender their policies early.

Also, the amount of commission currently paid at the outset on many contracts can be as high as 60 per cent of the first year's premium. When expressed in money terms, it seems a very large amount, though as a percentage of premiums spread over the whole terms of the policy it is quite low. Intermediaries are fearful of the public reaction when they see high monetary commission payments.

Polarisation will end the growth of "tied agents"—life salesmen who operate as independents, but put the majority of business with the one company to which they are tied.

So SIB has proposed that life companies can operate under an acceptable standard-commissions agreement that eliminates, as far as is practicable, both company and product bias. Independent intermediaries then need only disclose the fact that they are operating under this scheme.

Not surprisingly, such an agreement has emerged very quickly from Lautro. It proposes a considerable reduction in long-term commission payment and says that no commission payment should exceed 25 per cent in any one year. This has led to the final major problem facing the independent life salesman. Independent intermediaries will have to spend money on complying with the Act. At the same time, the new commission scale will cut back on their immediate cash-flow. The smaller intermediaries in particular will be hard hit. So—not surprisingly—Biba and the LIA are up in arms. Biba has submitted a paper to the DTI, setting out the extra burden on its members.

The LIA says that the SIB is imposing stringent financial requirements that are not needed on small intermediary businesses where the intermediary himself does not handle clients' money.

Such regulatory burdens do not affect company representatives. So life companies have split into two camps. On the one hand, there are companies which have decided to build up their own sales force and are offering inducements to independent intermediaries to become company representatives. They play on their fears of cost problems and offer big incentives to secure these trained personnel.

In the other camp, many life companies led by the Scottish companies, which rely entirely on independent intermediaries for their business, are launching a multi-million-pound campaign to explain the workings of the Financial Services Act and persuade intermediaries to remain independent.

Eric Short

UK pensions

Freedom of choice, but in a bureaucratic framework

EVER SINCE the end of the second world war, successive governments have regarded pension provision in the UK as requiring drastic reform.

But none has shown such crusading fervour as the present government in dismantling the work of its predecessors and building a brave new pensions world, intended to last well into the next century.

This reforming zeal has been fired by the privatisation philosophy of the Government, which is being applied with vigour in the pensions field and in all other areas. The main architects in this dismantling and rebuilding process are the Social Services Secretary, Mr Norman Fowler, and the Chancellor of the Exchequer, Mr Nigel Lawson.

Mr Fowler's 1986 Social Security Act introduces the new-style personal pensions. From April 6, 1988, all employees will have the right to opt out of their company pensions scheme and/or the state earnings-related pension scheme (Serps) and make their own pension arrangements with a personal pension.

Mr Lawson, in last month's Budget, proposes to advance the start date of personal pensions to January 4 for those employees not in a company pension scheme.

Since back-service provisions will be available for the prior months in the financial year 1977/1978, this proposal means that personal pensions will start a year early for these employees. This will include the employees' receiving the additional 2 per cent incentive contributions for an extra year.

In addition, Mr Lawson is proposing that, from October this year, employees in company pension schemes will be able to make their own arrangements for paying extra pension contributions known as additional voluntary contributions (AVCs) as an alternative to being forced to use the scheme established by the employer.

Life companies have been in the personalised pension market for decades, designing and marketing retirement annuity schemes for the self-employed individual, pension arrangements for controlling directors and executives, and AVCs and buy-out annuities for employees. They could be expected to be the main beneficiaries from this personalised pension drive by the Government. Indeed, Mr Michael Meacher, the Labour party's spokesman on health and social security, has consistently attacked the Government's actions as providing a bonanza for life companies and their shareholders (he tends to overlook the mutual life companies) while doing nothing for pensioners.

However, the pension managers of life companies themselves are far less optimistic over the likely benefits to their companies from this brave new pensions world.

First, the 1986 Act brings to an end the life company's virtual monopoly in the personalised pension field. New, banks, building societies and unit trusts will also be able to offer personal pensions to employees and the self-employed, and AVCs. Life companies will only retain the monopoly of providing annuities with which the individual secures his pension from his pension savings.

Banks and building societies already have a well-established marketing network through their branch structure, while building societies enjoy a high reputation with the public as providers of savings products. Life companies will no longer be competing with each other but with these pension providers.

Second, operating in the new personal pensions market will require a massive investment in both personnel and systems. Pension managers in life companies are by no means certain of the market response, or the best method in which to operate the new system.

The 1986 Act not only introduces personal pensions, it opens up a whole new field in pension provision by employers, by allowing companies to establish a money purchase scheme, known as Comps, to contract out of Serps.

Comps can be regarded as a collection of personal pensions within one contract, offering better terms to employees because of lower unit administration costs. So, under the new pensions regimes, life companies have a choice of concentrating their market effort on employees, or on those employers currently without a pension scheme, or onboth.

Until the Budget, the attitude among established life companies tended to favour concentrating the marketing effort on companies, while the newer life companies thought they would market to employees. However, if the budget proposals go through, life salesmen will be able to sell personal pensions to employees who are not in a company scheme from next January, with the lure of six years of the extra contributions. But salesmen can only start marketing Comps to their employers from April 1988, and offer only five years extra contribution. Marketing strategies will need re-examination.

However, this is not the only area of confusion, with Mr Lawson and Mr Fowler at times tending to pull in opposite directions.

The regulations to the 1986 Act have still not been laid before parliament. Indeed, at the time of writing, the vitally important rules on marketing, expense loadings and charges had still not been published. Life company pension managers cannot get down to designing their products, organising their systems and planning their marketing strategy until the rules have been published.

Life companies were under some pressure to meet the April 1988 deadline. Advancing the start date by three months could well cause chaos. Most life companies experienced in this field are probably better placed to meet the challenge than the new providers with no previous experience in this field.

Mr Fowler's theme, in this brave new world, was freedom of choice for the individual. But, as far as pensions are concerned, that freedom is being hedged in with a mass of restrictions and will operate under a bureaucratic framework. In this respect the regulatory authorities, the Occupational Pensions Board and the superannuation funds office of the Inland Revenue face an horrific administration problem. They will have to approve a host of new pension plans for the employed and the self-employed under this new system within the timetable laid down.

Life companies, which know their way around the channels of communication with these two bodies, are better placed than the new providers. But again, Mr Lawson in his budget proposals is not making life easy for the life companies. Under his new AVCs proposals, employees will no longer be able to convert their pension into cash, as in the the previous system. All cash sums will have to come from the mainstream company pension. Employees may well give up saving through AVCs in favour of other savings media where they can take the cash.

The remaining months of this year will certainly be hectic ones for the pension departments of life companies. Intermediaries having to sell the new personal pension plans will need to be informed of the contract several weeks ahead of the start date.

However, one final unknown remains in what is most likely to be an election year. A change of government could set in process a further round of demolition and rebuilding the pension field.

Eric Short

To mark the début of an FT Travel series on special hotels of the world, **Hilary Rubinstein**, editor of the Good Hotel Guide, discusses trends and standards and **Michael Thompson-Noel** (below) profiles one of London's best family-run hotels, the Goring in Beeston Place

The great and the good

Left: George Goring, owner of London's Goring Hotel, and Ston Easton Park, near Bath—among the best of Britain's country house hotels

THERE ARE good hotels and great hotels. You might think that, like ambitious one-starred Michelin restaurants, the former could aspire to the greater glory of the latter by adding a few staff, hiring a more gourmet chef, extending the hours of service. But in fact they are distinct species of hostelry, with little overlap.

Great hotels are like pre-war Cunard liners. They carry hundreds of passengers, with an exceptionally high staff-passenger ratio. The reception desk will speak a dozen languages. There will be arcades of boutiques. Ancillary services will include a large heated swimming pool, hair-dressing salons, perhaps a massage parlour, a gym or even a whole sports complex.

A variety of restaurants and coffee-houses will cope with every degree and style of appetite. Rooms will be full of opulent touches, with the best soaps and balms in the bathroom, plus gold taps and possibly a jacuzzi. Room service will provide you with almost anything you might imagine you need at any hour of day or night.

In the best of these hotels, the most pernickety of hotel inspectors will be hard put to find a single nit to pick. These are the hotels — the Mandarin in Hongkong, for example, the Taj Mahal in Bombay or Delhi, the Vier Jahraszeiten in Hamburg or Munich, the Ritz in Paris or Madrid, Claridge's or the Ritz in London — which win awards in magazines like *Business Traveller* as the Best Hotel in the World.

Almost every major city has its candidate for this kind of accolade, and those who have a taste for these hotels wax enthusiastically about their panache or cosmopolitan chic. Those who prefer a different sort of establishment will mutter about bullshit and extravagance, or claim that — even when housed in an historically significant building — these hotels might be anywhere: they lack character, they are virtually indistinguishable. They are magnificent, certainly, but they are still clones.

My own preference has always been for good hotels rather than great ones. Good hotels are small and personal, usually with their owners in occupation. Some of them may take small groups or offer facilities for conference, but the individual customer is not short-changed.

They can vary greatly in their amenities, degree of comfort and tariff, but since they are not under pressure from boards of directors or shareholders, you can expect them to offer far better value than comparable hotels owned by outside managements. And whether they have been purpose-built as hotels or inns or converted from chateaux or castles, country houses, rectories or convents, they belong in their environment: they have roots.

I have been a keen amateur hotel-watcher for most of my adult life, and for the past ten years—since I inaugurated the *Good Hotel Guide*—I have been keeping a close eye from year to year on the standards of the 1,000 hotels throughout Western Europe which we list annually, and at least another 1,000 near misses.

Some of the hotels we select are grand and formal, with jackets and ties *de rigueur* for dinner. Others are laid back, even raffish. Some have Michelin stars, others offer a no-choice evening meal and pride themselves on their home cooking.

Service is rarely round the clock. Cleanliness, and the quality of cooking and decor, are crucial, but the really important thing which distinguishes good hotels has less to do with staffing levels, hauteur of cuisine and suchlike, than the atmosphere of welcome engendered by a dedicated and sympathetic proprietor.

Have hotels improved in the past decade? Well, yes—in a banal sort of way. Some of the miseries which were still to be found in the late 70s in the humbler places that came within our ken, like nylon sheets, can now be confined to the folk memory of ghastly experiences. And at the opposite end of the scale, all kinds of refinements can now be counted on above a certain price range: direct-dial telephones, remote-control TV, or mixed faucets in the bathroom.

The range of pampering little extras in bedrooms grows ever more extensive: bowls of fruit, carafes of sherry, tins of home-made biscuits, perhaps a heart-coloured chocolate put by the bed at night when the chambermaid turns down the sheets and arranges your pyjamas or nightdress into an elegantly waisted shape.

I am sure that market research has proved the viability of these costly frills, but I confess that I am indifferent to many of them and cannot forget that the guest ends up paying more for all these "freebies," even if they are not listed separately on the bill.

In towns, you will still normally eat better in a local restaurant than in your hotel, but hotel food has unquestionably improved. Half the rosetted restaurants in the British Michelin outside London are now in hotels or restaurants-with-rooms.

The European hotel industry has expanded rapidly in the past few years to cope with the growth of tourism, even though 1986 was cruel to all hoteliers and a catastrophe for some. The demand for rooms in London and other major cities throughout the continent has led to the building of many hotel blocks identical in character or the lack of it—the equivalent, in hotel terms, of convenience foods: professionally packaged but abysmally lacking in flavour.

Often the same investors have been putting their money into country-house hotels too, and at a cost of millions of pounds have been giving a fresh lease of life to many old mansions, fitting them out with telex facilities, helipads and chauffered limousines.

Some examples of this new breed of luxury hotel are excellently run and have rescued and revivified derelict buildings of great architectural merit. Historic Houses, the company responsible for Middlethorpe Hall, just outside York, and Bodysgallen Hall, near Llandudno, deserve special congratulations.

Alongside these heady financial adventures there has been another less conspicuous change in the hotel scene—the rapid growth of amateur hotel-keeping. The profession has become smart as well as respectable. Most of these new places come into the category of country-house hotels or up-market guest houses, but we have also monitored the opening of many sophisticated personally-run B & B's both in country areas and in cities.

Some of these newcomers sadly lack expertise and, though they mean well, will not necessarily have the knack of putting you at your ease. But the best of them are inns of true delight. Even the imperfect ones will give you more to write home about than the boring homogenised insipid predictable experience at the average corporation-owned establishment.

A Touch of Class

FOR THE determined pursuit of excellence, George Goring — owner of London's Goring Hotel — deserves all the stars, gongs, rosettes and other *bric-à-brac* on offer. Nor is he in the least bit befuddled as to what his precise aims might be.

"I prefer to operate one personally managed hotel of style and excellence," he says, "than to own an empire. My aim is that future generations of Gorings will always inherit an establishment of greater merit than the last." As he tells his guests: "César Ritz built the Ritz, Claridge built Claridge's, Mr Brown built Browns. These famous hoteliers have sadly passed on, but there will always be a Mr Goring at the Goring to welcome you and to make you feel at home from home."

The key to the Goring's charm, apart from comfort and tranquility, is its *Englishness*. Just a stone's throw from Buckingham Palace, it has all the modern touches that money can buy, yet none of the trans-atlantic blandness that is so ubiquitous.

It is that marvellous rarity: an English hotel in the heart of London that is decently old-fashioned yet bang up to date. How can this be? First, says the owner, he "shamelessly" spends four times the British average on repairs and renewals. In 1986-87 he will have spent £350,000—about 12 per cent of turnover.

Second, the staff is so well motivated that service is impeccable. The Goring has 100 rooms (including five suites) and 125 staff: a staff-to-bedroom ratio of 1.25 against a national average of 0.4. And the staff tends to stay. Only 20 have been there for less than one year. William Cowpe has been at the Goring for 17 years, 12 as general manager. Doorman Peter Sweeney has been there since 1965, and larder cook Eddie Fontela since 1955. So it goes on.

The owner says he sleeps in all the bedrooms to ensure that they are as comfortable as they look, and that his three female housekeepers insist on such cleanliness and freshness that you will never see a grimy net curtain or tarnished chandelier in his hotel.

"I was born in this hotel in 1938. It is my family home and has my name on it. It would mortify me if I went anywhere in the world and was told there was something wrong with my hotel. On average, at least 75 per cent of each day's arrivals have stayed here before. Our computer file probably lists half a million Americans who have stayed in the Goring."

The proof of the pudding is that the Goring's bed occupancy rate in 1985-86 was 84 per cent, which is way up the top end. Moreover, the owner believes in the fairness of a universal tariff that benefits the individual. As a result, there are no group, corporate, package or weekend rates at his hotel.

Will there always be a Mr Goring to welcome guests? Quite possibly. The hotel was built in 1910 by George's grandfather, O. R. Goring, and then managed by his father, O. G. Goring. It was the first hotel in the world to be equipped with a private bathroom and central heating to each bedroom. George has a twin brother, Richard, who manages another family property, the Spa Hotel in Tunbridge Wells, Kent. George's son, Jeremy, and Richard's son, William, are keen to follow in the family footsteps, so there will indeed be a Goring at the Goring for many years to come.

● The Goring Hotel is at Beeston Place, Grosvenor Gardens, London SW1W 0JW. Telephone: 01-834 8211. Telex: 919166.

The daily room rate is £72 single, £105 double, suites £140-£210. Demi-pension (two days upwards) is £20 extra per person. Full breakfast is from £7, lunch from £14, dinner from £15.50. VAT and gratuities are included in the room rate.

Safer driving

Stuart Marshall spends a day refining his technique with an expert whose speciality is avoiding accidents

TO THE day when they hang up their clubs for the last time, golfers strive to improve their game. So do most amateur sportsmen and women. They know they will get more out of their game if they play it to the best of their ability.

But driving? Handling a fast car properly is just as demanding of skill and concentration as sinking the longest putt—but how many drivers, once they have taken their test, consciously strive to become better?

The basic driving test does little other than determine that a man or woman is safe to be in control of a car—but only just. The skills that turn a driver who has passed the test into one who can handle a powerful car safely and considerately in all conditions have to be taught.

This is where people like Mike Reed, who runs the Specialised Driving Courses organisation, come in. He provides professional training for company drivers, high performance courses, skid prevention and control courses and even teaches anti-hijacking techniques.

Quite apart from the pain and suffering they cause, road accidents waste a lot of time and money. Many of the business organisations whose drivers—both car and lorry—have been through Mike Reed's hands have seen fleet operating costs sharply decline.

A company's requirements are assessed individually by his organisation but part of the treatment will be high performance courses or company driving days. The former take place at Thruxton circuit, last two days and include road and skid pan sessions as well as circuit driving. They cost £380, which includes the use of a BMW 528i.

Last week I sampled a company driving day which costs £120, with another £52 (both plus VAT) for a skid pan session if desired. The exercise is pitched at the typical executive who drives thousands of miles a year on company business.

Mike Reed, settling beside me, clipboard at the ready, stressed it was not a test. Nor was he a man from the ministry or a policeman. "I am here to help you to drive from A to B without getting yourself hurt."

For half an hour I did as I was asked, relaxing as best I could and driving normally on a motorway and busy A-road. We then pulled up for the first of several discussions. Next, I drove again for an hour on a variety of roads, giving a commentary for part of the time. "I am keen on running commentaries," Reed explained. "They are the most powerful teaching aid ever devised for driving—they raise your level of concentration more than anything else."

The day wore on enjoyably, with breaks for coffee, lunch and tea and more discussions on driving.

My habit of approaching roundabouts pessimistically—I assume I shall have to give way to traffic on my right rather than dash up and have to brake hard at the last moment—was approved of. But I was asked why I made so many lane-changing signals on motorways when my intention must have been perfectly obvious to other drivers. I said that in some of the foreign countries I drove the law required it, but I had to agree I did it here out of habit.

I made the mistake in town of beckoning an oncoming driver, for whom I had stopped, to let her enter a car park. ("If a cyclist came up on your nearside and she ran into him, whom do you think her insurance company's lawyers would say was to blame?") And I was chided for accelerating as I pulled out to overtake, rather than pull out first and then accelerate when best able to see it was safe to do so. What could I say to that but *touché*.

My commentary was not too bad—but why had I concentrated on a car at the head of the line of traffic I was in and neglected to mention the big yellow Telecom van clearly visible over the hedge round a bend hundreds of yards further on? "The real expert is never surprised," said Reed. "He or she always looks so far ahead they know what is coming." I could only agree.

I reckon a day such as I spent would benefit any driver, no matter how experienced and good they think they are. It is an intellectual stimulus as well as a useful reminder of bad habits one has fallen into. Mike Reed is at Cookham Dene, Berkshire (06285 27387).

• BOOKS •

Malcolm Rutherford looks at a new life of a great parliamentary orator

End was Nye

NYE BEVAN AND THE MIRAGE OF BRITISH SOCIALISM
by John Campbell. Weidenfeld and Nicolson. £15.95, 430 pages

JOHN CAMPBELL is too good an historian and too good a writer to produce a bad biography of anyone—let alone such a glittering figure as Aneurin Bevan. What he has done, however, is to produce two books in one. The two are interwoven but, while one strand is scholarly, the other is sheer polemics.

That opening criticism should not deter anyone from the pleasure of reading the book. There have been very few books directly about Bevan. The main previous biography was by Michael Foot, who worshiped the ground he trod on. Campbell even goes so far as to suggest that Foot may have written in the way that he did in order to warn other writers off. In other words, Bevan was too sacred a subject to be treated by lesser mortals or by ordinary historians.

Campbell has researched assiduously and has found a lot to say. Even he cannot avoid coming to the conclusion that Bevan was a great man — perhaps the biggest figure that the Labour Party has ever had. Campbell calls him "one of nature's aristocrats," which undoubtedly he was.

Bevan came in from the coal fields of South Wales, entered Parliament in 1929, was always on the left of the party and, though never a pacifist, was one of the few people capable of standing up to Churchill during the Second World War. Afterwards, to almost everyone's surprise, he became Minister of Housing and Health and was a huge success. The founding of the National Health Service will always be identified with his name.

Yet it is the curious thesis of this book that Bevan was a failure. Some of the criticism is slightly snide; for example, the claim that his childhood was not one of grinding poverty. This comes out as an attempt to mar his credentials as a working class hero. On the surface, Bevan's associations with Beaverbrook and Mosley are discussed fairly, as are his attraction to smart and intelligent society and hence his tendency to apear in the gossip columns. The fact was that he preferred big figures like himself to grey men. He never really deviated from the Labour Party. Campbell acknowledges this, but it is as though he is examining the charges dispassionately in order to make sure that some of the mud sticks.

There is also the sub-title: the Mirage of British Socialism. Not just Bevan's socialism, it is implied, was a mirage, but all British socialism and, in particular, that brand of the Labour Party that took Bevan as a model.

There is a blatant example in the chapter Bevan at War, which is subtitled Tribune's Finest Hour. It is true that Bevan was a brilliant journalist and that George Orwell paid Tribune the compliment of saying that it was "the only existing weekly paper that makes a genuine effort to be both progressive and humane — that is, to combine a radical Socialism with a respect for freedom of speech and a civilised attitude towards literature and the arts." Bevan had a lot to do with that, but it is a bit much to imply that he spent the war largely as a scribbler, however scintillating.

Campbell writes that Bevan believed that the best way to win the external war was by the vigorous prosecution of the internal class war. In fact, he seems to have regarded the war as a regrettable necessity. On the Conservative side, R. A. Butler, who also spent the war at home and worked on the same subjects of social reform, hardly even went that far.

Bevan was also almost alone in being right in believing throughout that the end of the war would lead to a victory for the Labour Party. And here is the crux of the book's polemic. Campbell says that the result of the general election of 1945 was due to a "pragmatic adaptation to the possibilities and responsibilities of a mildly interventionist social democracy. . . . For the first time the working men on the Labour benches were outnumbered by the middle class—lawyers, teachers and journalists. . . . The growing divergence between socialism and class was to cause Bevan increasing difficulty in the years ahead."

Put another way, the Labour Party had won, but it was not a victory for socialism and certainly not for Bevan's socialism.

For what Campbell has done is to build up Bevan as an out-and-out Marxist in order to knock him down. The evidence for this is flimsy; a lot of it seems to consist of the fact that Bevan admired the writings of Jack London. Nor is it ever precisely defined what Marxism is, or why it was wrong to appear on an all-party platform, including the Communists, in the 1930s. The words Marxist and Communist are used as smears, which it is assumed wil automatically turn the reader against Bevan. They have the contrary effect.

There is one peculiar, unexplained sentence: "He was, perhaps, more like a continental than a British socialist." It is left unclear whether that is intended as a compliment or an insult, or indeed what it means.

The reader, however, will be left in little doubt that an underlying purpose of the book is to rewrite history in favour of the Social Democratic Party and against the Labour Party.

Peggy Duff, the old CND campaigner, wrote in her memoirs: "Fire died with Aneurin." Campbell comments: "But what did fire mean? Very little. What use was fire in the belly without a coherent analysis of what was wrong with welfare capitalism and a clear programme to set Labour back on the road to socialism?" Actually, fire meant rather a lot. Campbell is an honest enough writer not quite to have put it out.

Bevan addressing the Labour Party Conference in 1955

Melvyn Bragg: the Lake District revisited

Solitary lass

THE MAID OF BUTTERMERE
by Melvyn Bragg. Hodder & Stoughton. £10.95, 414 pages

THE CONVENIENCE of historical sources is that they supply romantic fiction with a cautionary edge; a sort of safety-net against imaginative excesses.

Supposing inside knowledge of a true and much-documented case, The Maid of Buttermere is typical of the genre. Well-paced and fluently told, what is wrong with Melvyn Bragg's drama of love and betrayal is that its reliance on history is nervously derivative, not just in the welter of evidence amassed to back up the facts —journals, public notices, are quoted in full—but in the ideas Bragg uses to shape his material.

Prime exhibit is Coleridge's Morning Post article of 1802, describing the unlikely marriage between innkeeper's daughter Mary Robinson, renowned as the "Beauty of Buttermere," and a thrusting young MP, Colonel Alexander Hope, who, Coleridge suggested, might not be all he seemed.

Hope, as a scandal-hungry press found out within days, started life as John Hatfield, and it is on his metamorphosis from lowly criminal to rakish socialite that Bragg focuses. His rise and fall is tenderly done, and if on occasion Bragg overplays his allegorical hand—his *doppelgänger* hero hallucinates about the old Indian punishment of tying a victim to two horses pulling in opposite directions—he is only lending weight to the illusory grandeur Hatfield is trying to create.

For like his more famous contemporary Don Giovanni, Hatfield is keen to stage-direct his own Romantic progress; he even compiles his own catalogue aria:

> Women in hedgerows, in alleyways, in doorways, in public, on horseback, in carriages, in prisons . . . women who had scared him, hurt or mocked him, women who had paid him, women who had made him pay, ugly women, fat, thin, tall, short

Self-delight, rather than reciprocal desire, drives him to intense sexual encounters—Bragg clearly has his eye on the bestseller market here—but his ideals are elsewhere, culled unquestioningly from the poetry and writings of Wordsworth and Coleridge.

Their influence—they also appear in person—turns out to be the undoing both of Hatfield and of this novel. On the brink of a match which would rescue him from insolvency, Hatfield seizes the chance to begin "his education as a man of feeling before nature" by marrying innocent, nature-loving Mary Robinson.

Wordsworthian beliefs lead to Wordsworthian images, and the trouble with this lakeland romance is that it sounds at times like a parody. While she goes nutting, he meets a leech-gatherer and, dreaming of sex, mutters about intimations of immortality . . .

If these ideas were Bragg's own, their endless repetition might fit more easily into this dense and slightly mawkish novel—more Victorian in tone, in fact, than anything else.

Jackie Wullschläger

Ray Whitney MP sees a definitive answer to the sinking of the Belgrano in a new book about the Falklands war

Five years later . . .

THE LAND THAT LOST ITS HEROES: THE FALKLANDS, THE POST-WAR AND ALFONSIN
by Jimmy Burns. Bloomsbury, £12.95. 320 pages

THIS BOOK by the FT journalist who covered the Falklands campaign does have one great merit which might earn the author a place in the next Honours List for political and public services to this country. But for Mr Burns to qualify for an award it will be necessary for Tam Dalyell, MP for the Belgrano Incident and associated causes, to read the book —or at least pages 227-230. It would be an act of self-interest but also a contribution to the preservation of Parliamentary time for constructive purposes if those of us who have been afflicted over the years since 1982 with countless hours of contributions from the Honourable Member for Linlithgow on these subjects—and for whom no relief is in sight, at least this side of the general election—were to club together to raise the necessary £12.95 to present the book as an Easter gift for Mr Dalyell. Never could money be better spent.

Mr Burns reports that in the opinon of the Argentine naval officers be interviewed in the preparation of the book the sinking of the Belgrano was "totally justified" in military terms. He quotes one high-ranking officer as saying:

> It was sunk because I think it was a threat. And there's nothing more to it . . . It was consistent with the rules established by the British when they set up their exclusion zone. They said they would attack any Argentine unit inside the zone or in any other part where it posed a threat.

In a passage still more crippling for Tam Dalyell's most exercised hobby horse, Burns goes on to assert: "In purely historical terms the argument that the sinking of the Belgrano was in itself sufficient to destroy irrevocably any chance of peace does not stand up to investigation." He notes the suspicions of the Argentine government that "those in Britain who were loudest in beating the General Belgrano drum were motivated less by a desire to see an early solution to the whole Falklands issue than by an obsessive desire to see the Labour Party in power." As Mr Burns very fairly observes, these suspicions were "not entirely without foundation."

I hope that Mr Dalyell and the rest of the Belgrano lobby will not seek to dismiss these sound conclusions as the product of Thatcherite bias. Neither on the basis of this book nor in his other writings does Jimmy Burns stand in any danger of being convicted of Tory inclinations.

The value of the four useful pages on the Belgrano could well outweigh the disappointment of much of the other 246. Regrettably, it is something of a muddle of a book—a muddle reflected in its sub-title: "The Falklands The Post-War And Alfonsin." Mr Burns gives the impression throughout that he was never clear about which book he was trying to write. Was it to be a study of Argentine attitudes to the Falkland Islands and to Britain before, during and after the war, perhaps with some forecasts and recipes for the future? Was it an analysis of the emergence of Alfonsin and an assessment of the first three years of Argentina's latest flirtation with democracy?

Mr Burns' offering has something on all of these and on a number of other intriguing topics, but as a tool intended for a multiplicity of purposes it ends up doing none of them very well.

The reader who turns to this book as a guide to Anglo-Argentine relations and efforts —or, more often than not, lack of them—to find a way forward on the Falklands issue will find a story which omits or treats very thinly several important episodes, at least some of which may offer pointers to the next five or 10 years.

We have to wait, for example, for a reference to the Communications Agreement of 1971 until page 241, where it gets unjustifiably short shrift. This was a serious attempt by the two Governments steadily to develop practical links between the Falklands and Argentina in the belief that this would take the heat out of the sovereignty issue and in the hope (at least in some quarters) that contact might, over the years, change the political climate. It came to nought largely because the Islanders became increasingly disenchanted with political developments in Argentina as the 1970s progressed.

Mr Burns happily — and not unreasonably — pitches into the British diplomatic machine on standard lines for its failure to identify the reality of the Junta's aggressive intentions towards the Falklands in late 1981 and early 1982: the cry of "wolf" had been heard more than once in the past. But he should have also spelt out the dilemma which the Foreign Office coped with for many years — successive Governments and Parliaments refused to entertain any discussion of sovereignty yet would not allocate the resources which would be needed to resist or deter a serious Argentine attack. Some might consider that, with so few cards in their hand, our diplomats kept the play going for a surprisingly long time.

There is no mention of the tentative efforts to find an acceptable solution made by Lord Chalfont and Ted Rowlands for Labour Governments and by Nicholas Ridley for the present Government in 1980. Ridley went to the House to make what must have been one of the shortest and most enigmatic statements ever put to Parliament about the possibility of exploring a lease-back solution, only to have the roof fall in on him. Led by Peter Shore, all sides of the Chamber assailed the hapless Ridley with a ferocity which must make his current travails with the rate support grant and botched Department of the Environment legislation seem like child's play.

Mr Burns has a better feel for Argentine domestic politics and manages to convey what I believe is a valid impression of the complex panorama. He provides a useful account of the difficulties facing Raul Alfonsin ("an entirely new phenomenon in Argentine politics")—the problems of dealing with the military, the Church, the Peronist legacy, the foreign debt and the failure of national aspirations.

The democratic path has proved a difficult one for the Argentines since 1983 but at least, as Mr Burns recognises, they have Mrs Thatcher's resolution to thank for being given the opportunity to set out upon it.

Local bards make good

THE OXFORD BOOK OF LOCAL VERSES
chosen by John Holloway. Oxford. £12.95, 350 pages

THE HEART OF THE WORD: POETRY OF EDWARD JAMES
Weidenfeld & Nicolson. £14.95, 215 pages

ENGLISH POETRY has a wit, variety and elegance which extend way beyond its famous authors. These qualities turn up on country tombstones, in the notes of able amateurs and in the rich undergrowth of ballads and popular songs. No other European language matches this range, yet modern England has demoted verse and popular poetry and ceased to rank them among a person's likely accomplishments.

John Holloway is a former Professor of English at Cambridge. His new selection, an Oxford book, is a reminder of how much good verse can still be found. A few big names worm their way between his covers, Hardy on bell-peals or Coleridge on himself, but the majority is truly local.

Quite a bit of it is poor stuff: pubkeeper's verses or chimneysweeps' advertisements are printed here because they were inscribed locally, not because of any particular merit. Other bits are not quite as sharp as their titles lead you to hope: everyone will have their candidates for prior inclusion. However, it is not all a matter of wit or ballad-narrative. One or two pieces are very touching, especially the long poem of a Herefordshire parson to his local brook. Epitaphs often bring out an English vein of pathos and irony for all social classes, a Sussex huntsman (Men, like foxes, take to earth . . .) or a Sheffield washerwoman (Dear friends I am going Where washing ain't done, nor sweeping nor sewing . . .) a poem which she wrote before hanging herself.

Edward James's poems, The Heart and The Word, belong in the tradition of the highly cultivated amateur, not the local ballad. Peter Levi, Professor of Poetry at Oxford, prefaces this first published selection with a telling essay on the author, the famous patron of Surrealist arts, a millionaire by birth and donor of his estate and paintings to a trust.

James travelled widely and wrote deliberately and unashamedly in the rich style of a "neo-Georgian" aesthete. His poems are not "modern" in our century's use of the term. Admittedly, they straggle sometimes and at others, come adrift on a lush tide of words. But they were well worth publishing.

Robin Lane Fox

Hillela's hopes

A SPORT OF NATURE
by Nadine Gordimer. Jonathan Cape, £10.95, 396 pages

CHANGE
by Maureen Duffy. Methuen, £10.95, 292 pages

TRUST
by Mary Flanagan. Bloomsbury, £10.95, 292 pages

STRAIGHT CUT
by Madison Smartt Bell. Chatto & Windus, £10.95, 230 pages

EXILE, ROOTLESSNESS, displacement, non-belonging: to be white in today's Africa implies all these. Nadine Gordimer's A Sport of Nature is the history of African whites over the past 40 years, through the story of a white girl, Hillela. Named after the Lithuanian great-grandfather who came to South Africa to escape the European pogroms, she is brought up partly in Rhodesia, partly by aunts in South Africa, in particular aunt Pauline, in Johannesburg, who is liberal, intellectual, and passionately committed to the anti-apartheid cause.

Then off and away—through lovers and husbands—via Dar-es-Salaam, Eastern Europe, the USA, to end as wife of the head of a future South Africa, an almost icon-like figure it is now almost impossible to get any clear information about. Her daughter by her first husband, murdered for his ANC activities, becomes a world-famous black model with apartments in London and Rome. They, at least, have successfully survived the whirlwind of change.

A political novel, committed to putting its case on nearly every page and through every action and event and highly logical and lucid in doing so, it is persuasive, many-faceted and highly readable, but what makes it all these things is not the politics but the writing—brilliantly clear, like the bright light in which it mostly takes place, full of detail and exact observation, with telling images that never seem brought in for effect but grow from an imaginative richness that complements the novel's strongly cerebral qualities.

Hillela starts as one of nature's parasites, her mother's "bad blood" coming out, as the aunts mutter darkly. Thoughtless, shiftless, a taker and a sponger, ungrateful and ungracious in the way she vanishes without trace after each misadventure, nonetheless she has beauty, a ravishing presence, and a moral bounce that catapults her into the next country, encounter and man. Her personality is marvellously vivid; less so her transformation from self-centred hedonist to committed political activist (the early persona being much more credible than the later). But it is not just her electric figure that keeps up the pace. Minor characters embodying various aspects of Africa or of liberal America are just as present and visible, particularly Pauline, who finds herself excluded from her cause in its final stages by the blacks who have gone far beyond liberalism.

I wish Hillela had not been given so glamorous an end, though, or her daughter so rich and grand a beginning: it takes them out of the run of everyday sufferers and endurers and the middling rest of us. But as an exposé of African life from the white sidelines (and how marginal they now seem) it is splendidly clear, humane and explanatory, and, in spite of its formidable intelligence, accessible and sympathetic.

1939: like a guillotine it falls across our history. A whole new way of living and feeling, a new vocabulary, a total six-year break with the outside world, with what before seemed normality: this is what Maureen Duffy's Change is saying it meant. In the summer of that year the workaday world plods on with its familiar routines. No-one quite believes in the ultimate, definitive threat. Even when war is declared no-one quite believes in its totality and terror. For months things plod on almost as they used to. Then they explode.

Patchwork history like this recalls all sorts of things intensely, fleetingly, with instant contrast and comparison: the Polish count, badly burnt, lying on a raft in eastern waters; the socially sheltered schoolgirl meeting, for the first time, a working-class boy; the girl discovering her sexual identity, far from family and censure; the dependent, loving husband whose wife is killed in the bombing; infidelities, flirtations, rediscoveries; changes physical and emotional, historical, partial or complete. The telling is vivid, very readable.

Nadine Gordimer, persuasive and readable

Trust is the opposite, personal and subjective, a first novel by an American living in Britain but not her first fiction (she has published a book of short stories, Bad Girls). It takes the lives of a number of people in recent years, interweaving a plot about villainy in the art world with their particular fates and destinies (rather as Robertson Davies does in What's Bred in the Bone).

Eleanor is the novel's centre, best-realised, best felt and appreciated character, a creature of pathos and beauty, at once irritating and loveable, her physical decline shown with shocking, sad realism. No-one answers her needs.

A splendid few pages have her telephoning her supposed best friends in London and their totally self-centred replies. When she dies, halfway through, the novel loses much of its zest. Long, close-knit, detailed and yet farflung, it is a highly promising début.

Straight Cut is a thriller, yet more than that; a novel about drugs and boxes of bank-notes, trans-European chases and swims across icy rivers, yet much more about relationships. Tracy the narrator is a film editor, and the technicalities of cutting film are used in detail ("shop" without much explanation). He and Kevin are friends and enemies, rivals in everything—work, crime, love. One has to overwhelm the other, that is clear from the start. Kierkegaard is the hero's hero, and Kierkegaard wrote Either/Or, which could stand as their motto. For it is one or the other, both cannot survive.

Tracy's wife is Kevin's mistress, a beautiful creature who has been near death, but comes back back to bear one of them (we never knew which) a child.

Madison Smartt Bell, another American, has been compared to those tough masters McEwan and Martin Amis, and like them he conjures and faces up to nastiness and brutality. But he is unlike either, more laconic, warmer.

Isabel Quigly

• ARTS •

FOLLOWING the twists and turns of popular taste in American cinema today is like trying to keep your stomach in one place while riding a roller-coaster. You have hardly recovered from the surprise twist whereby a modest Australian comedy called *Crocodile Dundee* earns $200m at the box-office than you are turned in the opposite direction by runaway US enthusiasm for a war-is-hell Vietnam movie called *Platoon*.

Occasionally the Hollywood establishment can be seen riding along with you on a parallel track: Their Oscar bravos for *Platoon*—Best Film, Best Director et al—show that the power-brokers are happy to put their plaudits where their profits are, so long as there is *some* substance (they think) in the movie. (Outright escapist fare like *Top Gun* or *Crocodile Dundee* just gets the consolation prizes: Best Song for the one, Oscar night walk-on by Paul Hogan for the other.)

The annual Academy Award ceremony is a time for renewing the uneasy accord between Art and Mammon in Hollywood. No film that fails at the box office ever scoops top prizes on Oscar night. Yet it is not enough *merely* to rake in the shekels, as George Lucas and Steven Spielberg have found to their cost. Though their movies have made enough money to buy out Hollywood altogether if they chose—seven of their films are among the top ten money-makers of all time—they have no major movie Oscar to rub between them. The Irving Thalberg award Spielberg received at this week's Oscars was given in penance for the Academy's gross snub last year—11 nominations for *The Color Purple*, no award—and no doubt to buy indulgence for a few more years of refusing to honour the individual films of Spielberg or his Midas mate Lucas.

For it stands to reason, does it not (goes the Academy's thinking), that the *Platoons* of this world are more important that the *ETs*, the *Out of Africas* than the *Jaws* or *Star Wars* films? We are speaking, are we not (they reason) of adult tales with serious themes, set in resonant moments of man's history?

Tom Berenger in "Platoon"

Oscars and after

The same thinking, extended back into our cultural past, would have elevated Bulwer Lytton's *The Last Days of Pompeii* to a higher artistic plane than Carroll's *Alice in Wonderland*. Hollywood today is suffering from a worse-than-ever dose of "If it's an important theme it must be an important movie." When a film like *Platoon* comes along, it seems too good to the movie establishment to be true. The public is flocking to the movie: its themes are momentous: and at last the Academy can do its bit towards recognising that the Vietnam war took place. Said writer-director Oliver Stone, clutching his Oscar, "Through this award you are really acknowledging the Vietnam war and its veterans." (In fact the Best Film Oscar went to a Vietnam film as long ago as 1979: and a much better one, Michael Cimino's *The Deer Hunter*).

Platoon is a grossly overrated movie. And its failings are symptomatic of most of Hollywood's attempts to "think big" today. A *sturm und drang* tale of war, it makes a bid for originality by taking the glib allegorical line that the film is about "America fighting itself" rather than a common enemy. At the movie's centre is a grudge feud, finally taken to the death, between a Bad Sergeant (Tom Berenger) and a Good Sergeant (William Dafoe). The one is a scar-faced ogre who wants to put whole Vietnamese villages to the torch or sword; the other is a toughly compassionate army scout whose mission is mercy wherever he can dispense it. (His Jewish name, Elias, even hints at a Christ figure.)

This moral battle set in a military inferno is watched by an undercharacterised central figure—played by Charlie Sheen, whose voice-off narration sounds like a bad imitation of his father Martin's in *Apocolypse Now* — whose response is never complex enough to get in the way of the film's portentous but puerile ethical antithesis.

The sad thing about America's enthusiasm for *Platoon*, endorsed by a moviegoing public who get a good old-fashioned action film along with the preaching, is that it could usher in a whole new era of simplistic moral inspirationalism. Indeed, to judge by the new films I saw in a recent visit to America, that era may already be here. Worst offender is *Angel Heart*, a Deep South morality melodrama in which guilt-haunted private eye Mickey Rourke is led a merry *danse macabre* by client Robert De Niro, who turns out to be the Devil himself.

Directed by our own USA-defected Alan Parker (who first launched Oliver Stone towards fame as screenwriter of *Midnight Express*), this steamy cauldron of violence and voodoo, exotica and erotica, makes one wonder if a country like America, currently on heat with TV evangelism, is not using the cinema to help stoke its fears and warnings of hellfire.

Paul Schrader's *Light Of Day* also goes in for a "Devil-made-me-do-it"-style melodrama. Michael J. Fox and Joan Jett are brother-and-sister members of a rock group, their career watched with appalled fascination by Mum Gena Rowlands. Soon the siblings split into Good and Bad as surely as the Sergeants in *Platoon*. While Fox fulfils his duties to family, Jett turns her back on Mum, Dad and her own small child to pursue the satanic path of Heavy Rock (!). She even dresses and makes up like something out of *Dr Faustus*, and by the time she visits dying Mum in hospital she is all but swinging a pitchfork and swishing a tail.

At least with this film, one suspects the tongue is partly in the cheek. And the movie's saving grace, giving it a redemptive ambiguity, is Miss Rowlands. Is the over-loving Mum victim or villain, bystander or manipulator? We never quite know, and a film threatening at midpoint to go all Manichean ends by sliding cunningly back into mystery.

More diabolism stalks *Black Widow*, the new film by Bob Rafelson (of *Five Easy Pieces* and *The Postman Always Rings Twice*). In this creaky murder thriller Theresa Russell plays a kind of professional widow, rising on stepping stones of slain husbands to richer things. Reporter Debra Winger hotfoots after her and soon we are swinging into yet another morality tale: this time irresistibly shining truth versus immovably murky evil.

Thank goodness that under this topsoil of melodrama and moralising, there are still a few strata of good genre movies in America today. They show that there *are* wit, spontaneity and humanity in modern Hollywood, whenever film-makers are allowed a break from ploughing parable land.

Best new comedy for instance, is Barry Levinson's *Tin Men*, with Richard Dreyfuss and Danny De Vito as warring aluminium salesmen in a fast-talking romp from the director of *Diner*. Best new thriller: *Lethal Weapon*, with Mel Gibson seizing the role of his lifetime as an anarchic undercover cop more dangerous than the criminals he is pursuing. Best new impromptu from a genius: Woody Allen's *Radio Days*, a furlough from greatness after *Hannah And Her Sisters*, but still deft and dazzling, and showing that a light touch need not be a trivial one. And that is a message sorely needed in modern Hollywood.

Nigel Andrews

Radio

Useful hints to counter crime

RADIO 1 ran an effective campaign against drug-abuse last year. Radio 2, with a rather older audience, has spent this week striking at crime in general, but from a different attitude. The attack on drugs assumed that listeners were themselves potential offenders. The attack on crime assumes that listeners are only potential victims. I was not able to hear more than a little of what went out (there were items daily from 5.30 in the morning to one o'clock the next morning). What I heard confirmed my own view that there are simple precautions neglected by many people that might, if observed, reduce the crime figures quite a lot. Official figures tell us that three-quarters of thefts are of less than £50, that 30 per cent of all crime is vehicle-related, that only 5 per cent of crimes involve violence, and that only a very small proportion of street crimes are against old people. Fitting good locks, not admitting strangers, securing your car or your bike, are elementary business.

These and similar points were made insistently, the idea being, no doubt, that if you hear them in the familiar voices of Derek Jameson, Jimmy Young, Gloria Hunniford and so on they will seem more urgent. Some of the other programmes seemed to me less useful. How can an interview with a New York detective help me to safeguard my home? The Home Secretary was given a phone-in on the Jimmy Young programme: he repeated much of the standard advice and was sensibly restrained with the too many questions dealing with punishment of crime rather than its prevention (though I suppose some people think that the one leads to the other). The documentaries about Peckham and Preston were appalling examples of what may happen, but no more than that. I doubt if phone-ins and interviews with victims are the best ways to counter crime, as the same items are repeated with variations. Practical advice by experts (we had two Chief Constables, the head of a Home Office party on child abuse, a running report on stolen car numbers) is surely the best thing.

Lord Rawlinson's series on the Jesuits (Radio 3, Sundays) reveals much difference within the Society, it seems to me. In Nicaragua there are Jesuits active on both sides. President Aquino is reputed to have a Jesuit "Mafia," while Fr Cruz is a confidant of Marcos. In India and the East the word is dialogue with other religions, though in China, where the Jesuits had been for 400 years, they are now only in Hong Kong. From both the historical and the doctrinal view, the series is most interesting. There are two more Sundays to go.

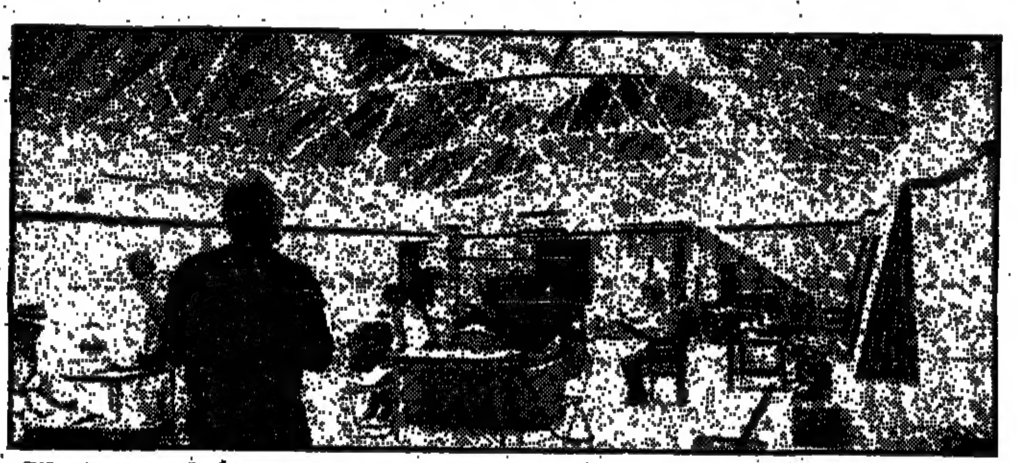
The Theatre of the Absurd was a fugitive trend in the '50s and '60s that faded as the main-stream theatre acquired more and more of its characteristics. Radio 3 is giving us a series of Absurdist plays. On Tuesday we had Arthur Adamov's *Ping Pong*, which purports to show how the lives of Arthur and Victor are changed in accordance with the changes they make in the pinball machines that obsess them. The radio version was made by Martin Esslin, an expert on the theatre of that period; yet it did not come to life, I think because of the difficulty of visualising the pinball machine. Peter Kavanagh was the director.

Then on Friday we had Ionesco's *Victims of Duty*, in which a detective drives M Choubert through a ghastly subconscious wilderness in his attempt to find out the spelling of his next-door neighbour's name. There was more pictorial invention in this, but to my mind the joke wore out fairly soon. Jeremy Mortimer directed. Radio 4's late-night Saturday sitcom *Unnatural Acts*, with, and by, Jeremy Hardy and Kit Hollerbach (and six others) was funnier and more absurd. I liked the escapologist's act that turned into a bondage event.

*

This Thursday the Sony Radio Awards were won by: Ronald Pickup (best actor), Billie Whitelaw (best actress), *Mischief* (best drama production), David Cregan (best original script), Graham Leach (radio reporter), Derek Rae (sports broadcaster), Mike Smith (DJ of the year). The Gold Award for long-standing contribution to radio went to the whole team of *The Archers*.

B. A. Young



Giles Havergal (foreground) directing a rehearsal of "The Heat of the Day" in the Soho laundry, new home of pioneering company Shared Experience

More novel theatre

THE TOURING company Shared Experience was in Cheltenham this week giving a version by Felicity Browne and Giles Havergal of Elizabeth Bowen's 1848 novel *The Heat of the Day* in the beautifully renovated Everyman Theatre. The show arrives at the Donmar Warehouse in London's Covent Garden on Tuesday, and I should now sing its praises, as well as those of Shared Experience which has recently acquired splendid new office and rehearsal facilities in Soho.

The plunder of European fiction for the stage is nothing new, but the process of late has become a way of shaping a new theatrical language. Shared Experience, launched and still run by Mike Alfreds, beat a path for the RSC's *Nicholas Nickleby* with a seven-hour *Bleak House*. Those early days—the company opened in 1975 with a delightful *Arabian Nights*—of bareboards austerity and scenic minimalism have been succeeded by confident, ingenious and notably well designed versions of Evelyn Waugh's *A Handful of Dust*, Samuel Richardson's *Pamela* and, returning the methodology to the received repertoire, a Shaw's *Too True To Be Good*.

You do not lessen, betray or diminish a work of fiction by putting it on the stage. You merely express a response to that work in a different medium; this is also known as criticism. Outraged admirers of Victor Hugo who want to keep *Les Misérables* for themselves miss the point about a stage musical that exploits the prime function of narrative literature — communication with the masses.

This version of a classic Wartime novel distils the meat of the book: the shimmering, ambiguous relationship of middle-aged Stella Rodney with two men, a lover, Robert Kelway, who is betraying his country, and a secret agent, Harrison, who wishes Stella to betray her love and sleep with him in exchange for not spilling the beans.

Of course there are sacrifices, notably the excision of Stella's soldier son except in conversation, the Irish scenes and the thrilling descriptions of London both bombed ("The lightless middle of the tunnel") in 1940 and listless in 1942. Instead, we have a substitute visual poetry that hums with affectionate enthusiasm. The characters move on an open-plan setting of Stewart Laing backed off by a painted cloth, a colourful action study of an exploding whizzbang with yellow tentacles. A superb scenic coup comes when Robert unfolds a replicating free-standing wall to reveal an enormous triptych of photographic mementoes—girls, relatives and cricket teams.

There is a strong sense in the novel of the characters merging their lives. Giles Havergal's production is appropriately fluid. Its starts with George VI on tape announcing Victory in Europe, establishing the flashback principle. Kate Kitovitz's Stella correctly allows herself to be imprinted with experience, her ethereal strangeness complemented by the single white Diaghilev-style white quiff.

Stella is an emotional experimentalist, as were many London-bound women of the time, and the play is strong in registering not just Stella's independent strength, but also the dithering confusion of the factory girl Louie Lewis (transformed brilliantly by Charon Bourke into a comically stuttering, instantly recognisable doomed single mother) and the wiseacre overall cynicism of the ARP warden Connie (played with a most touching, acerbic world-weariness by Roberta Taylor in a blue boiler suit).

Robert is a Nazi sympathiser when, as many commentators have pointed out, you would expect a traitor at this time to have Communist allegencies. This handicap is added to the physical one of Robert's limp, acquired on the Dunkirk beaches before the "humiliating" retreat in the pleasure boat convoy. Mark Lewis makes a virtue of a lack of motivation by remaining opaquely mysterious throughout. The hunter Harrison poses no such problem, and Christian Burgess acquires a headlong urgent nastiness as the evening progresses. But the [illegible] of this sexual triangle is what matters and the stage is constantly alive with predatory approach tactics, vocal manoeuvrings and mute participations in profile.

The wonderful description of the concert in Regent's Park which opens the novel crops up towards the end of the first act, but only as a distant backdrop to Louie's encounter with Harrison. Similarly, the country scenes only exist in so far as Robert's mother (Patricia Lawrence resembling a downmarket Ivy Compton Burnett) populates them. Shifts of emphasis in a new dimension do nothing, though, to dispel atmospherics of both the heat of the day and the still of the night. The exquisite lighting by Gerry Jenkinson, the generous sponsorship (£8,000 and all advertising on the underground) by Bankers Trust Company.

Mr Havergal is on loan to Shared Experience from the Glasgow Citizens while Mike Alfreds embarks on a year or so at the National Theatre. The company has just opened an office and a rehearsal room in an abandoned 1924 Soho laundry off Broadwick Street. The lease has been acquired from the Westminster City Council who also give the company a grant of £26,000 for community projects. The Arts Council gives £104,000 but, since discontinuing what remained of its Housing the Arts policy, does nothing for groups like Shared Experience in the way of much-needed general facilities.

The Heat of the Day was rehearsed in a large, airy white attic that was once the public laundry. These excellent new premises form part of the Grade II listed Marshall Street buildings—now a leisure centre—and the conversion is to be paid for out of a public appeal for £90,000, approximately half of which has been raised.

I hope they find the balance. Shared Experience is a great credit to its founder and its staff and represents one of the most vital areas of cultural activity in Britain. Sometimes I moan about small-scale touring companies with small-scale ambitions. Shared Experience is exempt: next project off the line is a stage adaptation of Milton's *Paradise Lost*, and you can't get more creative, or perhaps foolhardy, than that.

Michael Coveney

Chess No. 666

White played 1 RxP ch! Resigns. If KxR (or K-R1); 2 R(3)-KN8 wins); 2 R-N8 ch, K-R1(K-B3; 3 Q-N5 mate); 3 N-N6 ch! K-N2(PxN); 4 Q-R6 ch wins); 4 NxR dis ch, KxN; 5 Q-R6 ch, K-B2(K-K1; 6 QxKP ch mates); 6 R-N7 ch when if [illegible] K-B1; 7 RxK7

Surreal Boccanegra

MUSICAL standards are high in the new English National Opera *Simon Boccanegra*. The cast is very strong, just about the strongest the company in its current estate could field; orchestra and chorus are solid, and Mark Elder's conducting of Verdi is as knowledgeable as ever. All this is just as well, because the music has to accompany and support a pretty crummy production by David Alden (of *Mazeppa* notoriety): messy, vacuous, almost entirely devoid of really interesting ideas about the piece. But Verdi well and feelingly performed has a magisterial way of training the senses to rise above staging infelicities. For this reason, Thursday was a bearable evening at the Coliseum.

Jonathan Summers takes the title role. There were a few (entirely understandable) blank patches in the Council Chamber scene and the finale (this was, I think, his first Boccanegra; at the Other Place he sings Paolo). In the main, though, he was in splendid voice, noble, broad, with a genuine distinction of colour and line — without it, this opera loses much of its special appeal. It puzzles me that Mr Summers at the Coliseum seems to be twice the performer we hear at Covent Garden; the same holds true in Italian roles, for Gwynne Howell, whose Fiesco had a similar sweeping dignity. Perhaps the fact that both were singing in their native tongue (in James Fenton's acceptable new translation) explains the difference. These were both communicators of stature, and their final duet was memorably moving.

Janice Cairns, the Amelia-Maria, becomes a more resourceful and commanding Verdi *spinto* with each new role. The tone is still less than ideally rich. Top notes, invariably secure and well placed, can grow shrill. But she has the measure of the music, which shows in many awkward places (in the Act 2 trio the graded crescendo on a rising scale up to top C was an admirable example), and her accurate musicianship is very winning. Arthur Davies (Gabriele Adorno) is light casting for a role that in its revised form was written for a future Otello: but here too quality wins through. This is evidently the golden period of Alan Opie's career: every new part he tackles is turning out glowingly well, and Paolo (a few notes of self-conscious flattening apart) is no exception.

These are all mature, experienced stage artists who know how to hold the attention with notes and words. For the scenes of intimate emotion, with which this uneven but profoundly serious opera is so generously supplied, not much else is required—and luckily so, since from the production very little is forthcoming in the way of intelligent focus on the characters (the demands of the *Boccanegra* "public" scenes are more complicated, and are accordingly more obviously funked here).

Likewise, Mr Elder and his orchestra know how to sustain the long line of the drama through the disparity of styles caused, in the work's final version, by the admixture of revised and original material. I felt on Thursday a slight want of sensitivity to sea-air detail: for instance, the woodwind flicks and arabesques in the Act 1 introduction lacked clarity and specificity of colour. But these things will surely come: in important *Boccanegra* matters Mr Elder is on the right lines.

Of Mr Alden and his designer David Fielding the opposite can confidently be said—or rather, they seem to be on no lines at all, apart from those familiar theatre doodles to which their previous productions have accustomed us. There are no *Mazeppa* chain-saws, at least, but the bare light-bulb, the lonely wooden chair, the mix and match of unrelated clothing styles (chain-mail, great-coats, Bisto Kid suits, medieval robes) and the dislocated stage management all have an overpowering air of *déja vu*. Left side boxes are filled with rocks; rocks are also dragged across the stage (you don't make a virtue of clumsiness by flaunting it); when in the Council Chamber a giant hand sails down from the flies on ropes, the world of *Monty Python* comes dangerously close.

Like a precocious adolescent, Mr Alden has gone mad on Surrealism; he evidently believes that, because the *Boccanegra* libretto is "strained and problematic" (a phrase from James Hepokoski's essay in the excellent ENO/ROH *Boccanegra* libretto book), it therefore follows that planting it with surreal images will add up to meaningful music-theatre. Nothing could be further from the truth. Again and again I was reminded just how difficult this work is to stage really well. The new ENO *Boccanegra* is altogether the work of a bright, aggressive adolescent — and Verdi, of all opera-creators, belongs to adults.

Max Loppert

A sympathetic Seraglio

BEYOND THE handsomely apt costumes, a single palm tree and the occasional flash of a scimitar, Opera North's new *Abduction from the Seraglio* disdains the picturesque. Kevin Rupnik's set is a bleak, stage-high wall pierced by one window, with many lower doors to allow characters to pop in and out in flight and pursuit. It is all flimsy plywood, barely painted — insistent Poor Theatre, odd-looking in the sumptuous Leeds Grand Theatre, though Peter Kaczorowski's lighting achieves pretty stage pictures. Graham Vick's production (first seen at the Opera Theatre of St Louis) rations the comedy sternly, but treats the plight of the captives—and above all the plight of their captor, the (black) Pasha Selim—with closely detailed sympathy.

Mozart might have been puzzled to find his mock-Turkish *Singspiel* so soberly handled (and with such long, fraught silences), but he would have been pleased to find that his music is allowed to carry all the drama — except, of course, for the non-singing Pasha (Ewart James Walters, a bit strangulated but moving). I have seen *Seraglios* which were picturesque and comic *and* no less humane; nonetheless the slightly wilful austerity here does no harm, given the stylish, committed young cast. They sing Andrew Porter's clear and faithful translation.

Laurence Dale is an eager Belmonte of upstanding dignity; for once he is given his "Ich baue ganz" (to pass the time while the ladder is sought), and he made a ringing success of it. Constanze is Sally Wolf, courageous and accurate if not ideally limpid of tone: her "Martern aller Arten," rhythmically a trifle slack, was still impressive. As Blondchen, Elizabeth Gale faced near-rape with spirit, and carolled brightly even while laboriously retrieving apples from all over the stage (producer's sadism, not the Turks'). Bonaventura Bottone is the predictably engaging — if unusually haggard — Pedrillo. I think his serenade wants to go a notch faster.

Tom Haenen's Dutch accent suits the grumpy, dangerous Osmin surprisingly well, and he attacks all his music with fervour and precision. (At each verse of his opening song, he releases another drained-looking female from one of his rooms.)

The little chorus is fine, and so is the keen Opera North orchestra. Tomasz Bugaj conducts: bracing energy in the "Turkish" music, tenderness lavished upon the sentiments, all expertly Mozartean. On Thursday, ensemble with the singers slipped here and there, and in the Act 2 quartet the plebeian pair were too backwardly balanced — nothing serious, and it should quickly come right. With a new Belmonte and Blondchen, *Seraglio* travels in May and June to Hull, Manchester, Nottingham and York. Well worth catching.

David Murray

WEEKEND FT

SPORT

Prayers, punters and head cases

Michael Thompson-Noel abandons the formbook and tips Bright Dream for today's Grand National

BECHER'S BROOK. The Canal Turn, Valentine's. The Chair. To those who can distinguish one end of a steeplechaser from another—and even to millions who can't—there is something bleakly menacing about the roll-call of famous fences at Aintree racecourse, Liverpool, where they run the Grand National.

Study them today. The 16 fences may be a less formidable test than formerly. But most are still intimidating, with cavernous "drops" on the landing side which can swallow wave after wave of horses and their riders with shuddering finality.

But then, the National is unique—a marathon steeplechase over 4½ miles whose grip upon the popular imagination, whatever the randomness that often shapes it or the cruelties that can disfigure it, is as strong—possibly—as at anytime since a winter Tuesday in 1839 when 50,000 people crowded into Aintree for the National's first running.

To corroborate this claim, one can point to the 50,000-plus who will jam the course to-day; or to the queues of mug punters who will struggle in and out of betting shops in a carnival-like procession that helps make the bookies rich beyond greed; or to the worldwide TV and radio audience, estimated at 300m, that will tune in today.

Strange to relate, but the people least likely to feel queasily apprehensive as the field charges the first of Aintree's fences are those who will be closest to the action — the 40 jockeys.

But then jump jockeys are head cases, or at any rate swashbuckling souls from a chivalric time warp whose minimum professional qualification is a staggering disregard for the hazards to life and limb that are implicit in what they do. They *know* about the dangers—about the risk of mutilation. But they do not experience fear, unless their bottle has truly gone.

Charlotte Brew, the first woman to ride in the National—a decade ago — said that "jumping Becher's was like jumping off the end of the world." And Richard Pitman, whose pre-National routine always included a civilised mid-morning sauna, plus a glass of champagne, then a few minutes in church on his way to the racecourse, says he has heard jockeys pray during the course of the race. "They'll approach a fence and say: 'God, let me get over this one.'"

But you won't hear a National jockey admit he is afraid. Josh Gifford, who was four times champion jockey and now trains at Findon (he trained Aldaniti to an epic National victory in 1981) says that for a jockey "the worst feeling in the world is not having a ride in the National. I rode round Aintree — the National and other races — maybe 40 times, and never had a fall. Maybe I was lucky. I was unseated three times, pulled up once, and refused once. Out and About, for example, unseated me at the third last. Now *there* was a head case.

"Riding in the National is completely different to ordinary race riding. You seem to have all the time in the world, and of course you haven't. There are drops to most of the fences. It's those first two fences that are the problem, because they seem to come so quickly, before you're sorted out.

"Nerves? They don't come into it. If you suffered from nerves you wouldn't be doing it."

I was talking to Josh last Sunday morning, in the calm of his Findon stable, high on the Sussex Downs. Down below, the village was like a postcard. Bells tolled, the sun shone, and honest country folk strolled unflinchingly to church.

Up at Downs Stable, where Josh trains 60 jumpers, there was a razor-sharp wind—and some very fit horses. Josh has two runners in to-day's National: Bright Dream, to be ridden by Richard Rowe, and You're Welcome, in the Aldaniti colours (jockey: Peter Hobbs).

Both horses are 11-year-olds, so they know the score, and both are bottom weights, carrying ten stone, though it's Bright Dream I've backed (£10 at 50's) on account of his exquisite gentle manners and wise old eyes. (Colour me sentimental, but I've had it up to *here* with formbooks and experts).

"He jumps like a buck and stays forever," says the trainer of Bright Dream. "He was a class horse in his day, and is very, very well. When Richard rode him in the Topham at Aintree last year he was a bit apprehensive, perhaps expecting a fall. But he really shouldn't have worried. This lovely old fellow would have pulled himself up if he didn't like the look of things."

Higher up the handicap is a horse called Plundering, trained at Upper Lambourn by the great Fred Winter, and set to carry 10 stone 11 pounds. His rider will be champion jockey Peter Scudamore who, contrary to belief, is not on a retainer as stable jockey to Winter but receives an extra 5 per cent on top of a jockey's normal 10 per cent share of a first-place prize. (To-day's National, sponsored by Seagram, will be worth a total of more than £100,000, including a first-place prize of £65,152.

A striking russet bay by Brave Invader, Plundering won last year's Whitbread Gold Cup but has been a disappointment since finishing fourth behind Broadheath in the Hennesy Gold Cup at Newbury last November.

Apart from Jay Trump, who won the Grand National in 1965, and Anglo, who triumphed a year later, Winter has trained a succession of brilliant stars.

What happened to Plundering last year, when he fell in the National? "I think that he and Simon (Sherwood) got themselves blinded and the horse didn't see what was happening ahead," says the trainer. "Anyway, he fell at the Canal Turn on the first circuit. Luckily he pulled himself up and we were able to run him fresh to win the Whitbread."

How will Scudamore ride him today? "The important thing," says Fred, "is to jump off quickly and then take a pull before the first. That way you're way ahead of the trouble but have eased up slightly before you jump. That's why so many come down at the first. They're going too fast in the mad rush and some of them get unsighted.

"Peter will probably have a few in front of him. If all goes well he will make up his ground where and when he chooses. After all, they only lob along for most of the way, which is why a 2½-mile horse that can quicken so often wins the National."

This is not to belittle the torture of the punishingly long run-in from the last fence to the winning post — a harrowing final test of horse and rider which prompted Lester Piggott to volunteer the view that "they should make up their bloody minds whether its a jump race or a five-furlong race."

The clever money today will pour on West Tip, last year's winner, and likely to start at about 4-1. But those are frigidly cramped odds. In any case, big fields offer poor value for money, as the bookies well know.

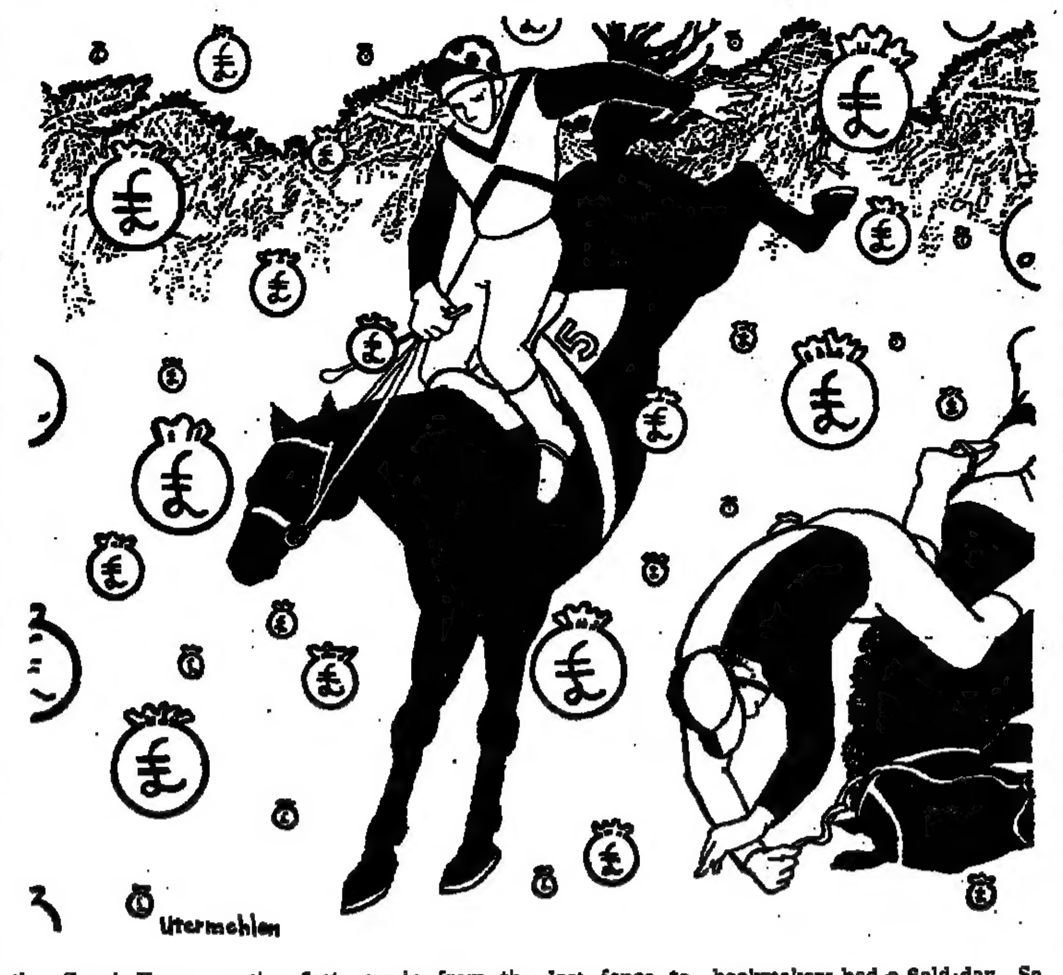
In The Punter's Revenge, a book about computer gambling, authors Tony Drapkin and Richard Forsyth inform us that "in the 1985 Grand National 40 runners went to post. The bookmakers were operating on a take in excess of 30 per cent Some £50m was wagered on the race which, in the event, went to a 50-1 outsider. The horse was virtually unbacked and the bookmakers had a field-day. So much for large fields."

The authors — quite rightly — reject any tendency by frustrated punters to portray bookmakers as "part of that sleazy *demi-monde* bordering the underworld which has been evoked graphically in the thrillers of Dick Francis, a world peopled by unscrupulous trainers, bent jockeys, nobblers, wreckers, and assorted thugs and heavies."

But they are quite sure of themselves when they say: "By and large, the bookmakers' system is unbeatable because it is self-regulating. Any major change in the overall pattern of betting will simply lead to an adjustment of the odds in the bookmakers' favour."

Come on, Bright Dream, you splendid gentle fellow!

● *Additional reporting by Dominic Wigan.*



Dominic Wigan assesses the prospects of the 40 starters

Bewley's Hill (66-1)
An ex-American 'chaser who lifted the 1984 Maryland Hunt Cup before failing only narrowly to complete the double in 1985. Impossible to assess and one of the National's few mysteries.

Valencio (200-1)
A Czechoslovakian gelding who has won 'chases from 2 to 4½ miles in that country.

West Tip (4-1)
Last year's winner. Ran a fine trial for today's race when closing fast to finish a four-length fourth behind The Thinker in the Tote Cheltenham Gold Cup last month.

Maori Venture (40-1)
Owned by Jim Joel and therefore one almost everyone would like to see win if their own cannot. This handsome chesinut does not jump well enough to inspire much hope.

Plundering (18-1)
If he manages to measure his fences with accuracy and jump economically from an early stage, you should get a fair run.

Corbiere (20-1)
The National winner of 1983 and a third in the following two seasons before falling at the fourth 12 months ago.

Drumlargan (66-1)
A faller at the Chair last year and no longer fast enough to warrant much interest.

Attitude Adjuster (33-1)
Not always as enthusiastic as his jockey, he is still a fine 'chaser on his day and not out of it.

The Tsarevitch (25-1)
By Mummy's Pet, this one gave his supporters a tremendous run last year. A very possible winner.

Insure (40-1)
A stable mate to Plundering, he has deteriorated steadily since winning last years' Irish National.

Classified (14-1)
An even faster sprinter than his stable companion The Tsarevitch, this one also ran well a year ago.

Glenrue (40-1)
The Whitbread Trophy winner here last season, he has been too erratic of late to encourage support.

Smith's Man (12-1)
Successful in the Whitbread Trophy in 1985, he will need to be caught in the right mood.

Dark Ivy (7-1)
A snow white son of My Swanee, this leading fancy has improved more than most since the weights were published for the race.

Monanore (40-1)
Eighth of 17 finishers a year ago after heading the field momentarily on the second circuit.

Daltmore (100-1)
His jumping was patchy in the 1985 Whitbread here and recent form gives no cause for optimism.

Smartside (66-1)
Did well after a long lay off when chasing home Bold Agent at Navan in November and a far from hopeless proposition.

The Ellier (14-1)
Last month's Kim Muir winner at Cheltenham, he does not appeal at current odds, which are largely due to spring double (Lincoln and National) liabilities.

Run To Me (100-1)
Third in last year's Whitbread here, but has deteriorated since.

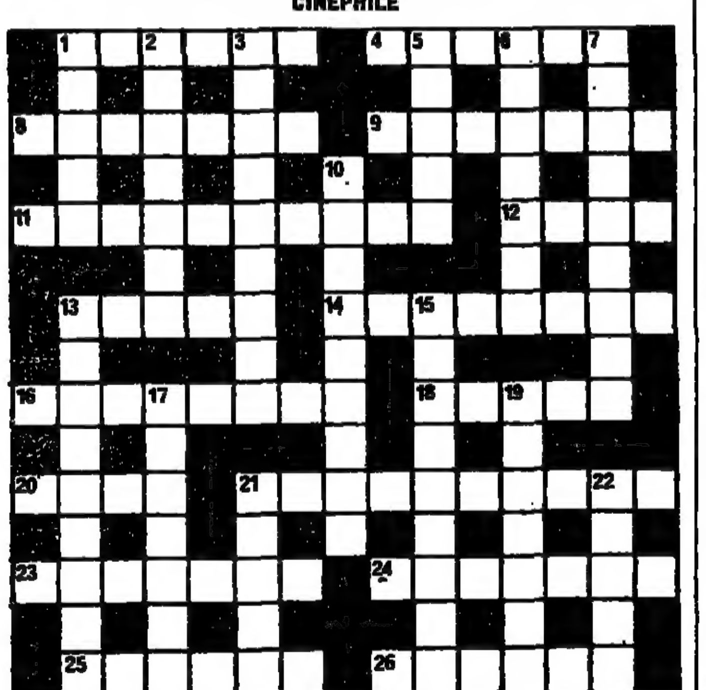
Lean Ar Aghaidh (10-1)
Pronounced "Lan-a-rye" this one was a neck second to The Ellier at Cheltenham recently and cannot be dismissed

Hi Harry (66-1)
Almost nothing to enthuse about with this one.

Tracey's Special	(50-1)
Preben Fur	(66-1)
You're Welcome	(50-1)
Marcolo	(66-1)
Brown Trix	(66-1)
Why Forget	(50-1)
Bright Dream	(50-1)
Little Polveir	(40-1)
Northern Bay	(50-1)
Big Brown Bear	(150-1)
Gala Prince	(250-1)
Eamons Owen	(100-1)
Brown Veil	(250-1)
Lucky Rew	(250-1)
Cranlome	(500-1)
Le Bambino	(500-1)
Brit	(500-1)
Spartan Orient	(250-1)
Colonel Christy	(250-1)

FT CROSSWORD PUZZLE No. 6,295

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

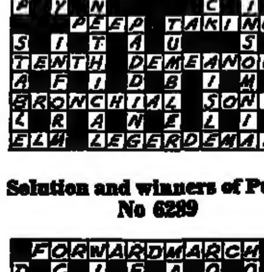
ACROSS

1 See 12 across, 5 down, and 13 down
4 Brave sort of couplet (6)
8 Ship's sails, etc.: written in lot (7)
9 Imitation: I miss wandering about myself (7)
11 Cul-de-sac, badly (North-East ill) arranged (5, 5)
12, 1 across Literary sister's article on North Spanish river with ten bends (4, 6)
13 Tree, 900 subtracted from Portuguese enclave (5)
14 Associate of animal or king and queen (2-6)
16 Literary sister's work, nothing less than Pooh's friend after a month (4, 4)
18 Lake in U.S.A., thanks to weeder (5)
20 Try to fly in panic? (4)
21 Anticipatory work of Pinter outside flat (10)
23 Shiner let off in alarm (7)
24 Putting part of leg in fruit is a sport (7)
25 Slip listing slips? (6)
26 "Breakfast's cooking" is provocative (4, 2)

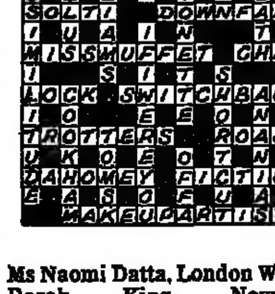
DOWN

1 She's a jewel (5)
2 Love and caring, possibly, is one sort of farming (7)
3 Literary quartet featuring a £1,000 lottery (9)
5, 1 across Literary sister of Byron, perhaps, with one of the Lawrences after fruit is returned (5, 6)
6 Begin melody alfresco (4, 3)
7 Tell niece—ugly customers (9)
10 Susan was a servant in bed (5-4)
13, 1 across Literary sister, sweet, Russian in French and Breton? (9, 6)
15, 19 Literary sister's work starts with posh operas by man with poor sight (9, 7)
17 Master of king's music? (7)
19 See 14
21 Guide for a religious group? (5)
22 Silky fabric from Hamilton in Ontario (5)

Solution to Puzzle No. 6,294



Solution and winners of Puzzle No 6289



Ms Naomi Datta, London W4; Mr Derek King, Newbury, Berkshire; Mr Ken Budge, London SW2; Mrs M. E. Harvey, Epsom, Surrey; Mr G. Stuart-Clarke, Richmond, Surrey.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am Family-ness. 8.35 Dogtanian and the Three Muskehounds. 9.00 Saturday Superstore. 12.15 pm Grandstand, including 12.55 News; Today's racing and tomorrow's Littlewoods Challenge Cup Final: 1.00 Grand National Quiz; Racing from Aintree at 2.00, 2.40, 3.20 The 1987 Seagram Grand National: 2.10 Interview with John Francome: 3.50 Football (half-time news): 4.00 Rugby Union (highlights of England v Scotland, Wales v Ireland); 4.40 Grand National Re-play: 4.50 Classified Results. 5.15 News. 5.25 Regional programmes. 5.30 Oliver Twist. 6.00 Perfect Strangers. 6.25 The Little and Large Show.

7.00 One By One. 7.50 Bob Says Opportunity Knocks. 8.40 Bergerac. 9.35 News and Sport. 9.50 Cagney and Lacey. 10.40 Monty Python's Flying Circus. 11.10 Racing from Aintree. 11.25 Film: "Bug" starring Bradford Dillman.

BBC 2

8.50 am Open University. 1.55 pm Chess Classic. 2.25 Rugby Union: "The Save and Prosper International" England play Scotland for the Calcutta Cup. 4.00 Film: "Music Man" starring Robert Preston and Shirley Jones. 6.30 The Week in the Lords. 7.10 Newsview. 7.50 The Barbican's Fifth Birthday Concert (Simultaneous broadcast with BBC Radio 3). 9.30 Easter On Two (preview of BBC2's Easter programmes). 9.35 A Dorothy L Sayers Mystery: Strong Poison. 10.30-1.30 am Film: "Andrei Rulev" (black and white with colour sequence to finish).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Outsiders. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Athletics—Kodak AAA 10km Road Race from Hemel Hempstead. 2.15 Comedy Classic: Please, Sir! 2.45 Movie Premiere: "Sahara" starring Brooke Shields. 4.45 Results Service. 5.00 News. 5.05 The Incredible Hulk.

6.45 Bobby Davro's TV Weekly. 7.15 Me and My Girl. 7.45 The Price is Right. 8.45 News and Sport. 9.00 Hunter. 10.00 Parkinson One-to-One with Billy Connolly. 10.45 LWT News Headlines followed by The Spitting Image 1987 Movie Awards. 11.10 Movie Premiere: "National Lampoon's Class Reunion." 12.45 am Bellamy. 1.35 Mirror Image.

CHANNEL 4

9.25 am Pets in Particular. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World: A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm Iesura The Slave Girl. 1.00 "Blood and Sand" starring Tyrone Power and Rita Hayworth. 3.20 "Destry Rides Again" starring Marlene Dietrich. 5.05 Brookside Omnibus. 6.00 Right to Reply Special.

7.00 News Summary followed by The Gods of War. 7.30 Horses. 8.30 The Wine Programme. †9.00 The Power Game. 1000 Saturday Live. 11.15 "Smash Palace."

S4C WALES

11.00 am A Week in Politics. 11.45 What The Papers Say. 12.00 The Marketing Mix. 12.30 pm The Making Of Britain. 1.00 The Media Programme. 2.00 Rygbi Rhyngwladol: Cymru v Iwerddon. †4.15 Feature Film: "The Moon and Sixpence" starring George Sanders. 6.00 Right To Reply Special.

†7.00 The March of Time. 7.30 Newyddion. 7.50 Stumiau. 8.20 Elinor Ac Eraill. 9.05 Y Maes Chwarae. 10.05 ER. 10.35 Ask Dr Ruth. †105 Feature Film: "Bronco Bullfrog"

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Tarzan. 5.05 pm Film: "She's In The Army Now." 12.45 am The Call of the Cloister.

BORDER

11.00 am Spiderwoman. 11.30 Mr Merlin.

CENTRAL

11.00 am Mister T. 11.30 Under the Mountain. 2.15 pm Who's the Boss? 12.45 am Central Jobfinder '87.

CHANNEL

11.00 am Tarzan. 11.58 Today's Weather. 12.45 am Swan's Way.

GRAMPIAN

11.00 UFO. 12.45 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 2.15 pm Easy Street. 12.45 am Meltdown.

cast that the dividend for incom

HTV

11.00 am UFO. 11.57 HTV News.

SCOTTISH

11.00 am Fireball XL5. 11.25 Crystal Tipps and Alistair. 11.30 The Smurfs. 5.05 pm The A-Team. 6.00 Elkie Brooks in Concert. 12.45 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips. 11.57 TSW News. 2.15 Fisheries News. 2.30 Walt Disney Presents. 6.40 Gus Honeybun's Magic Birthdays. 5.50 The A-Team. 12.45 am Postscript.

Marlene Dietrich in Destry Rides Again: C4, 3.20 pm

TVS

11.00 am Tarzan. 11.57 TVS Weather. 12.45 am Portrait of a Legend (The Grateful Dead). 1.15 Company.

TYNE TEES

11.00 am UFO. 11.55 Lookaround. 12.45 am Poetry of the People.

ULSTER

11.00 am The Outsiders. 11.58 Lunchtime News. 4.55 pm Sports Results. 5.03 Ulster News. 5.57 Ulster News.

YORKSHIRE

11.00 am Tarzan. 5.05 pm "She's In The Army Now" (Kathleen Quinlan stars with Jamie Lee Curtis). 12.45 am Jobfinder.

BBC RADIO 2

Stereo on VHF

8.05 am David Jacobs. 10.00 Sounds of the 60s presented by Zoot Money. 11.00 Album Time with Peter Clayton. 1.00 pm The News Huddlines. 1.30 Sport on 2: Racing from Aintree at 2.00 and 3.20 (Seagram Grand National Chase); Rugby Union: England v Scotland and Wales v Ireland (both kick-offs 2.30); Football; and at 5.00 Sport Report. 6.00 Pop Score. 6.30 They Did It Their Way. 7.00 The Press Gang. 7.31 Gala Concert from Cardiff. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Nick Page presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade (8.00 World Service News). 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Berlin Radio Symphony Orchestra. 1.00 pm News. 1.05 English Music by Elgar and Bliss. 2.00 Earl Wild piano recital from the 1986 City of London Festival. 3.00 Telemann (first UK broadcast of his "St Matthew Passion"). 4.20 Ries and Borodin. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 The Organ Sonatas of Alexandre Guilmant. 7.10 Duo Concertante. Music for clarinet and piano by Milhaud, Weber and Richard Rodney Bennett. 7.50 The Barbican's Fifth Birthday Concert. An all-Beethoven concert conducted by Sir Georg Solti (simultaneous broadcast with BBC-2): Overture Coriolan, Piano Concerto No. 1 (with Murray Perahia) and Symphony No. 7. 9.30 Michele (documentary on the life and work of Michelangelo Merisi da Caravaggio). 10.10 Leonard Rose and Norman Shetler. 10.30 Arditti String Quartet. 11.25 Drumming At Night. Claude Vivier's "Five chansons" performed by Simon Limbrick (percussion) 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News: Loose Ends with Ned Sherrin and guests. 11.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm Just A Minute! (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: Dilys Powell's History of the British Cinema (S). 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 Science Now.

5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather; Travel. 6.00 News: Sports round-up. 6.25 Stop the Week with Robert Robinsoin (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten To Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 Mixed Metaforees (S). 11.00 Nineteen Ninety Eight (S). 11.30 Unnatural Acts (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Signs of Hope. 10.00 Asian Magazine. 10.30 Take Nobody's Word For It. 10.55 The Interview Game. 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 Weather for farmers. 1.00 This Week Next Week.

2.00 EastEnders. 3.00 Match of the Day Live. The Littlewoods Challenge Cup Final: Arsenal v Liverpool live from Wembley Stadium. 5.15 The Muppet Show. 5.40 The Animals Roadshow. 6.15 You In Mind. 6.25 News. 6.40 Songs of Praise. 7.15 The Russ Abbot Show. 7.45 The District Nurse. 8.35 Mastermind. 9.05 News 9.20 That's Life! 10.05 Heart of the Matter. 10.40 Video Active. 11.05 The Queen's Realm: A Prospect of England.

BBC 2

2.00 pm International Rugby Special. 3.00 Film: "Whistle Down The Wind" starring Hayley Mills. 4.35 "Patience or Bunthorn's Bride," opera in two acts by W S Gilbert and Arthur Sullivan. 6.30 The Money Programme asks "What Future for Coal?" 7.15 On The House. 7.45 Opera Workshop. 8.45 Wisden 9.25 Did You See . . . ? 10.05 Screen Two: On The Palm.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 No 73. 10.30 Black Beauty. 11.00 Morning Worship. 11.45 The Old Testament In Art. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by A Dying Order.

2.30 "Jesse James." starring Tyrone Power and Henry Fonda. 4.30 Supergran. 5.00 Survival. 5.30 Long Furrow. 6.00 The Television Show. 6.30 News. 6.40 Appeal—Ken Dodd on behalf of Hasicom. 6.45 Highway. 7.15 Catchphrase. 7.45 Live from the Palladium. 8.45 Crazy Like A Fox. 9.45 News. 10.00 Clive James on Television. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by Cutter to Houston.

CHANNEL 4

9.25 am Sunday East followed by Deewarain. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Rebecca. †2.30 "The Stars Look Down" (stars Michael Redgrave).

4.20 The World Curling Championship for the President's Cup. 5.30 News Summary followed by The Business Programme. 6.15 International Volleyball: The Pickfords Travel Trophy. 7.15 The World At War. 8.15 Down by the Greenwood Side. 9.10 Clem. 10.35 Curling.

S4C WALES

9.00 am Heloc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Two By Forsyth. 3.00 Pel-Droed. 5.30 The Business Programme. 6.15 International Volleyball.

7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Pobol y Cwm. 8.30 Dechrau Canu Dechrau Canmol. 9.00 Plu Chwrthig. 9.35 Dyddiau Dyn. 10.35 Curling.

IBA Regions as London except at the following time:—

ANGLIA

9.30 am Cartoon. 11.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 5.00 Lone Furrow. 5.30 Candid Camera. 11.30 The New Avengers. 12.30 am The Last Book.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 1.30 Getting On. 5.00 Lone Furrow. 5.30 Survival. 11.30 Celtic Film Festival.

CENTRAL

9.25 am Max the 2000-Year-Old Mouse. 1.00 pm Getting On. 1.30 Here and Now. 5.00 Lone Furrow. 5.30 Survival. 8.45 Murder She Wrote. 11.30 Jazz and Blues. 12.00 Central Jobfinder '87.

CHANNEL

9.25 am Today's Weather. 9.26 Starting Point. 1.00 pm Les Francais Chez Vous. 1.30 Enterprise South. 6.25 Channel News Headlines. 11.30 Man In A Suitcase.

GRAMPIAN

9.25 am Cartoon. 11.30 A Full Life (Lord Frank Chapple). 1.00 pm Farming Outlook. 1.30 Sixth Sense. 2.30 Highway to Heaven. 3.30 Eighth Celtic Film Festival. 4.00 Lone Furrow. 5.00 Scotsport. 11.30 US Documentary—"High On The Job." 12.30 am Reflections.

GRANADA

9.25 am Max, The 2,000-year-old Mouse. 1.00 pm Members only. 1.05 Aap Kaa Hak: 1.10 An Invitation to Remember. 1.40 This is Your Right. 5.00 Lone Furrow. 5.30 Bullseye. 6.00 Survival. 11.30 Promises and Piecrust. 12.00 Show Express.

HTV

9.25 am Max The 2000-year-old Mouse. 1.00 pm West Country Farming followed by Weather for Farmers. 5.00 Lone Furrow. 5.30 Diff'rent Strokes. 6.36 HTV News. 11.30 Downtown.

HTV Wales—as HTV West except: 5.30-6.00 pm The Eighth Celtic Film Festival.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Sunday Service from St. Mark's Oldhall Church, Paisley. 11.25 Singalong. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 The Two Edged Sword. 2.30 The Baron. 3.30 The 8th Celtic Film Festival—a preview. 4.00 Lone Furrow. 5.00 Scotsport. 8.45 Murder, She Wrote. 11.30 Late Call. 11.35 Meltdown.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 6.25 TVS News. 11.30 Man In A Suitcase. 12.30 am Company.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 4.30 Gardens For All. 5.00 Supergran. 6.35 TSW News. 11.30 Promises and Piecrust. 11.55 Postscript Postbag.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Face The Press. 5.00 Lone Furrow. 5.30 Northern Life—Sunday Edition. 6.00 Bullseye. 11.30 Billboard. 11.40 The Television Show. 12.10 am British Candid Camera. 12.40 Epilogue.

ULSTER

9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice with Anne Hailes. 1.58 Farming Weather. 5.00 Lone Furrow. 5.30 Sing Out. 6.38 Ulster News. 9.57 Ulster News. 11.30 Sports Results. 11.35 Chalk and Talk. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Getting On. 1.25 Farming Diary followed by Farming and Inshore Weather. 5.00 Lone Furrow. 5.30 Who's The Boss? †11.30 The Mysteries of Edgar Wallace. 12.35 am Five Minutes. 12.40 Jobfinder.

BBC RADIO 2

Stereo on VHF

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies For You. 11.00 Desmond Carrington with "Your Radio All-time Greats." 2.00 pm Benny Green. 3.00 Soccer Special (Medium Wave only): The Littlewoods Cup Final, Arsenal v Liverpool from Wembley Stadium. 5.00 Charlie Chester with your "Sunday Soapbox." 7.00 The Impressionists. 7.30 Ian Wallace presents Your Humble Servant. 8.30 Sunday Half-Hour 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 Roderick Elms and John Alley at the piano 11.00 Sounds of Jazz with Tony Russell. 1.00 am Nick Page presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Schubert's Church Music. 8.00 World Service News. 8.10 Mstislav Rostropovich conducts Shostakovich's Symphony No. 5. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Malcolm Binns (piano recital). 12.15 pm Chamber Orchestra of Europe (1.00 Interval Reading). 2.05 Dohnanyi: Sonata for violin and piano Op. 21. 2.30 BBC Philharmonic Orchestra conducted by Elgar Howarth, part 1: Henze (Antifone). 2.50 Them And Us. 3.10 BBC PO, part 2: Henze (Symphony No. 7). 3.55 For The Time Of Penitence (4.40 Interval Reading). 5.30 The Jesuits. 6.15 Beethoven: Trio for clarinet, cello and piano (the composer's arrangement of the Septet Op. 20). 7.00 "Anna Bolena," Donizetti's opera sung in Italian with Katia Ricciarelli in the title role. Evgeny Nesterenko as Henry. Act 1. 8.25 Musical Times Past with Fritz Spiegl. 8.45 "Anna Bolena," Act 2. 10.25 Sounds of Finland. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 The Local Network. 7.40 Sunday, including 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping forecast. 2.00 News: Gardeners' Question Time. 2.30 The Lord of the Rings (S). 3.30 The Radio Programme. 4.40 News: The Food Programme. 4.50 It'll Do For Now.

5.00 News: Travel. 5.05 Down Your Way. 5.50 Shipping forecast 5.55 Weather; Travel 6.00 News. 6.15 Too Dirty for the Windmill . . . 7.00 Martin Chuzzlewit by Charles Dickens (S). 8.00 Bookshelf. 8.30 An Infamous Address. 8.45 The Resurrection of Christ. 9.00 News: Proof by Dick Francis (S). 9.30 Forest Frontiers. 9.55 Weather; Travel. 10.00 News. 10.15 The Saturday Feature (S). 11.00 Seeds of Faith (S). 12.00-12.15 am News.